



Daily Report

China

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Daily Report

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General

Russia Proposes Meeting on DPRK Nuclear Issue

OW0406061494 Beijing XINHUA in English 0512
GMT 4 Jun 94

[Text] Moscow, June 3 (XINHUA)—Russian President Boris Yeltsin today proposed the holding of a multi-lateral meeting to settle the nuclear issue in the Korean peninsula in a phone conversation with U.S. President Bill Clinton who was in Rome on a European trip.

The two presidents agreed to have experts further study the issue and make recommendations.

According to the ITAR-TASS NEWS AGENCY, Clinton today also gave a phone call to South Korean President Kim Yong-sam, who is visiting Moscow, to discuss the situation in the Korean peninsula.

The contacts between the presidents notably occurred after the International Atomic Energy Agency (IAEA) said in a report to the U.N. Security Council earlier that the Democratic People's Republic of Korea (DPRK) has made it impossible for international inspectors to determine whether spent nuclear fuel was diverted to a secret weapons program in 1989.

Pyongyang denied such a report the same day, arguing that its operation to discharge the spent fuel from a five megawatt nuclear power reactor is being done in a manner that will maintain the ability to take measurements later.

It accused the IAEA of attempting to internationalize and politicize a technical issue to pursue a "sinister political purpose."

According to a statement issued by the U.S. State Department in Washington today, the U.S. has already begun consultations with its allies and the U.N. Security Council on sanctions against DPRK.

Meanwhile, a spokesman for the DPRK Embassy in Austria announced in Vienna today that DPRK has proposed to the IAEA that it can carry out a sample test on the disputed nuclear power reactor in Yongbyon.

However, Lothar Wedekind, a spokesman for IAEA, said he knew nothing about it when asked if he was informed of the proposal.

He added that the IAEA has never got a clear picture of the whole nuclear program of DPRK.

But DPRK Ambassador to Austria Kim Kwang-sop insisted that the refueling of the nuclear power reactor is only a technical issue.

China To Study Moscow Proposal

HK0606065994 Hong Kong AFP in English 0623 GMT
6 Jun 94

[Text] Beijing, June 6 (AFP)—China is "seriously considering" Russian President Boris Yeltsin's call for an international conference on the North Korean nuclear standoff, a foreign ministry spokesman said Monday.

"China believes that the most practical and effective framework so far for properly settling this issue is the trilateral dialogue between the four parties"—North and South Korea, the United States and the International Atomic Energy Agency [IAEA].

But nevertheless China would study seriously Moscow's call for a multilateral conference, he added.

Since the North Korean nuclear crisis began about 18 months ago, Beijing has refused to consider it an international issue and has tried to block most initiatives taken within the United Nations.

Instead China, which is Pyongyang's only ally, has pushed for the United States to talk directly with the communist regime in the hope that this would eventually lead to Washington's official recognition of Pyongyang.

In March, China snubbed a similar Russian call for a multilateral conference because it countered its own efforts to force the Americans to talk directly with Pyongyang.

The United States has called for sanctions against Pyongyang following the IAEA report to the Security Council that it was unable to verify whether North Korea removed plutonium from its Yongbyon nuclear plant to make atomic weapons.

China, torn between its role as an international power and its links with Pyongyang, may take advantage of the Russian proposal to delay any UN vote on sanctions which would put it in an embarrassing position, diplomatic sources said.

IAEA Chief Comments on DPRK Nuclear Issue

OW0406042694 Beijing XINHUA in English 0351
GMT 4 Jun 94

[Text] United Nations, June 3 (XINHUA)—The International Atomic Energy Agency (IAEA) has not concluded that the Democratic People's Republic of Korea (DPRK) has nuclear weapons, IAEA chief Han Blix said here today.

The IAEA has "not concluded that the DPRK has one or more nuclear weapons, and we have not even concluded that their nuclear program is used for non-peaceful purposes," Blix said.

After briefing the Security Council and meeting with the U.N. secretary-general on the nuclear issue in the DPRK, the IAEA director-general told reporters that the

IAEA is not "saying that material is diverted, material has been used for plutonium production or indeed for bomb making."

On the disputed issue of nuclear rods discharge at the DPRK's five-megawatt reactor, the IAEA chief said that his agency is able to monitor the present situation, but is running into obstacles in determining whether the material had been diverted in the past as the DPRK has discharged most of the fuel in the reactor.

According to a press release issued here today by the DPRK permanent mission to the U.N., a spokesman for DPRK's General Department of Atomic Energy said in a statement on June 2, "We are doing the core refueling operations in such a manner that we fully preserve technical possibility for later measurement of such fuel rods as requested by the Agency (IAEA) in a token of good faith."

U.S. Begins Consultations on DPRK Sanctions

OW0406000294 Beijing XINHUA in English 2223 GMT 3 Jun 94

[Text] Washington, June 3 (XINHUA)—The United States has already begun consultations with its allies and the U.N. Security Council on possible sanctions against the Democratic People's Republic of Korea (DPRK), the State Department announced here today.

Assistant Secretary of State Robert Gallucci issued a statement at a news briefing, saying that "We have no basis for holding a third round of high level talks with North Korea and we will seek further action in the U.N. Security Council."

Gallucci said International Atomic Energy Agency (IAEA) Director-General Hans Blix reported to the U.N. Security Council yesterday that the IAEA has now lost the ability to accurately measure nuclear fuel discharged from a nuclear reactor in the DPRK.

The IAEA has said that the loss of this technique means that its overall ability to verify the amount of plutonium previously produced by the DPRK has been seriously eroded.

"Since the beginning of our negotiations with the North Koreans last June," Gallucci claimed, "We said that satisfactory IAEA safeguards presence during the refueling of the 5-megawatt reactor was one essential basis for continuing our dialogue with North Korea."

Gallucci today began consultations on future steps including possible sanctions with a South Korean special envoy in Washington.

He said he will have trilateral meetings with Japanese representatives and the South Korean special envoy tomorrow.

The White House also issued a statement today, saying U.S. President Bill Clinton, in Rome, telephoned Russian President Boris Yeltsin and South Korean President Kim Yong-sam, who is in Moscow for a visit, about the situation in the DPRK.

Yeltsin has proposed an international conference on the DPRK issue.

The White House said Clinton told Yeltsin "Such a meeting might be appropriate at some point need first to return the North Korean nuclear issue to the U.N. Security Council." [sentence as received]

Clinton and Kim "agreed that the next step is to pursue the issue of sanctions" against the DPRK, the White House said.

U.S. Denies Naval Exercise Linked With DPRK Situation

OW0506170594 Beijing XINHUA in English 1641 GMT 5 Jun 94

[Text] London, June 5 (XINHUA)—U.S. naval manoeuvres in the Pacific off Hawaii are a long-scheduled, routine exercise and not a show of force to the Democratic People's Republic of Korea (DPRK), U.S. National Security Adviser Anthony Lake said in Britain Sunday [5 June].

Lake, with President Bill Clinton at D-Day celebration in Portsmouth, England, was quoted by REUTER NEWS AGENCY as saying the code-named "Rimpac" exercise "is not a show of force for North Korea's benefit."

The United States have warned of a wave of international sanctions against DPRK which has dispute with the International Atomic Energy Agency over nuclear issue on the Korean Peninsula. Pyongyang has said the sanctions would be regarded as war.

The U.S. naval manoeuvre has aroused fears that tension on the Korean Peninsula would escalate. But Lake said the exercise was not targeted on DPRK.

"There has been a long-scheduled routine exercise involving the United States and other nations," Lake said, "we are not making any new deployment or redeployment."

XINHUA Reports Clinton, Major Confer in London

OW0406194994 Beijing XINHUA in English 1924 GMT 4 Jun 94

[Text] London, June 4 (XINHUA)—Visiting U.S. President Bill Clinton and British Prime Minister John Major held talks today at chequers, the prime minister's country residence in the northwest of London.

A British official told reporters that North Korea nuclear issue "featured large on the agenda" of the talks.

"There is a clear requirement on the international community...to address that question very seriously," the spokesman alleged.

He said that the two leaders also discussed Bosnian peace efforts, the civil war in Rwanda and the July summit of seven western industrialized nations in Naples, Italy.

Clinton arrived in Britain this morning to attend commemorative ceremonies of the 50th anniversary of D-Day landings in Normandy during the World War Two.

Liu Huaqiu, UN Official Discuss Upcoming Women's Conference

OW0306131894 Beijing XINHUA in English 1254
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—Chinese and United Nations officials today agreed that they will continue to strengthen consultations so as to fully complete the preparatory work for the Fourth World Conference on Women.

Liu Huaqiu, vice-chairman of the Chinese organizing committee of the fourth world conference and vice-minister of foreign affairs, held talks with Ebrima K. Jobarteh, head of a study group from the U.N., at the State Guesthouse here this morning.

During the talks both felt very pleased with the progress made during the group's study tour of China.

Liu said the Chinese Government places great importance on the Fourth World Conference on Women to be held here next year and that the Chinese people have also shown great enthusiasm for the conference.

He said: "We appreciate the practical and cooperative attitude that the study group has shown during its consultations with the Chinese representatives."

He said that some suggestions and opinions voiced by the study group "will be of great benefit to the preparatory work for the conference."

Liu said the study group also established good cooperative ties with the Chinese personnel during its stay in Beijing.

He described the work that the study group has done in Beijing as fruitful, adding that the Chinese side was satisfied with this.

He said that the organizing committee and the U.N. study group should maintain contacts and enhance cooperation so as to ensure the smooth convocation of the conference.

Jobarteh said that the study group had seen that the Chinese have taken a positive attitude toward the conference in a spirit of friendly cooperation.

"We are deeply inspired by the great progress made during the consultations over the past few days," he added.

Jobarteh said: "We are deeply convinced after our study tour that the preparatory work can be fully completed and the meeting will achieve a great success as long as the two sides strengthen consultations, expand cooperation and coordinate with each other."

Zou Jiahua Receives ROK, Canadian Industrialists

OW0306131794 Beijing XINHUA in English 1125
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—Chinese Vice-Premier Zou Jiahua met respectively here today with Kim Sung-yun, chairman of the Hanwha group of the Republic of Korea (ROK), and Paul Desmarais Jr., vice-chairman of the board of directors of Canadian Power Financial Corporation.

Hanwha, one of the top ten group companies in the ROK, has just made an investigation tour of the Xinjiang Uygur Autonomous Region, probing the possibilities of cooperation with the relevant departments in the region in petro-chemical, oil-refining and telecommunications.

Zou Jiahua said the Chinese Government encourages ROK and other overseas firms to invest in the region particularly in areas that are expected to develop and make full use of abundant local resources.

The Canadian Power Financial Corporation, invited by the China International Trust and Investment Corporation, has come to China to explore into possibilities for cooperation with Chinese counterparts in monetary and insurance fields.

Envoy to U.S. Signs World Bank Loan Agreements

OW0606064694 Beijing Central Television Program
One Network in Mandarin 1100 GMT 3 Jun 94

[By U.S.-based station reporters Lu Weichang (7120 0251 2490) and Wang Chunquan (3769 2504 0356); from the "National News Hookup" program]

[Text] A ceremony was held at the World Bank headquarters today for signing documents on World Bank loans totaling \$880 million for four projects in China. Li Daoyu, Chinese ambassador to the United States, and (?Kachi), World Bank vice governor in charge of East Asian and Pacific affairs, signed legal documents on the World Bank loans on behalf of China and the World Bank respectively.

The four projects are the Huang He Valley's (?Xiaolangdi) key water conservancy project, the (?Xiaolangdi) resettlement project, Shanghai's environmental protection program, and Tianjin's industrial development project.

At the document signing ceremony, Ambassador Li Daoyu pointed out that smooth implementation of the four projects would be conducive to promoting China's economic construction and that China would continue to maintain and develop cooperation with the World Bank. (?Kachi) said China has been properly implementing projects financed by the World Bank and that the signing of the four loan agreements signaled fresh results from the World Bank's cooperation with China. He specifically stressed: The (?Xiaolangdi) resettlement project is a model of the World Bank's cooperation with China and has opened up a way for other countries to build large water conservancy facilities and properly handle the resettlement issue using World Bank loans.

Wang Liansheng [3769 6647 3932; identified by caption]. China's resident executive director at the World Bank, told reporters:

[Begin recording] In China, we use World Bank loans mainly for agricultural water conservancy projects, communications, energy, and environmental protection. We have carried out the projects pretty well and won unanimously favorable comments from the World Bank's (?Board of Executive Directors) by virtue of the experiences and situation over the past few years. China has now become the biggest recipient nation of World Bank loans. [end recording]

Russia To Sell Malaysia 18 MiG-29 Fighters

OW0506053694 Beijing XINHUA in English 0455
GMT 5 Jun 94

[Text] Moscow, June 5 (XINHUA)—A Russian Government delegation is leaving for Malaysia today to sign a 615 million U.S. dollar contract on the sale of 18 MiG-29 fighters to the southeast Asian nation, according to the ITAR-TASS NEWS AGENCY.

The contract is expected to be signed in the Malaysian capital of Kuala Lumpur on Tuesday [7 June], the last day of the visit by the Russian delegation headed by First Deputy Prime Minister Oleg Soskovets.

The ITAR-TASS reported that Malaysia will pay 20 to 25 percent of the bill in palm oil, a necessary raw material for various industries.

The delivery of the first fighter is expected in April 1995 and the whole deal will be completed in 25 years. In addition, the two sides will jointly build an aircraft servicing center in Malaysia.

The ITAR-TASS said that Russia has also introduced some modifications in the equipment of the fighters at the request of Malaysia.

Beijing To Host 18th Pacific Science Congress

OW0406145494 Beijing XINHUA in English 1430
GMT 4 Jun 94

[Text] Beijing, June 4 (XINHUA)—The 18th Pacific Science Congress will be held in Beijing in June next year to discuss issues that have a direct bearing on the continued social and economic development of the world, especially that in the Pacific region.

Some 1,500 influential scientists and social activists from over 50 countries worldwide are expected to attend the conference, launched by the Pacific Science Association, said Zhou Guangzhao, the association chairman.

Zhou, also president of the Chinese Academy of Sciences, said that the congress will focus largely on more than 20 subjects, including population explosion, resources crisis, environmental deterioration, continued development, South-North cooperation, social sciences, medical sciences, culture and art.

The Chinese Government is keen on the congress, the first to be held in China, Zhou said. The founding congress took place in Hawaii in 1920.

He said that the congress will display to the world the great achievements which an ever-opening China has scored in scientific, technological, cultural, educational and many other spheres. It also will promote scientific and technological cooperation and exchange among countries in the Pacific region.

The Pacific science association is a multi-discipline non-governmental international academic organization, of which China is a founding member.

According to Zhou, the scale and influence of the Pacific Science Congress has actually gone far beyond the Pacific region. Scholars and representatives from Britain, France, Germany, Belgium, Switzerland, Sweden, Norway, Austria, Finland and some other European countries as well as from many island countries in the Pacific Ocean, the Indian Ocean and the Atlantic Ocean are expected to take part in the eminent science congress.

Many international research programs, organizations, academic exchange and government institutions, as well as prominent individuals have shown interest in the subjects to be covered by the congress. Some will speak at the congress as special guests, Zhou said.

Bosnian Cease-Fire Talks Canceled Over Serb Gorazde Presence

OW0506170694 Beijing XINHUA in English 1642
GMT 5 Jun 94

[Text] Geneva, June 5 (XINHUA)—The planned Geneva peace talks on cease-fire in Bosnia were canceled today because of a controversy over the presence of Serb troops around the town of Gorazde, according to a U.N. Spokesman.

After four days of debate here over the presence of Serb troops in the U.N. exclusion zone around Gorazde, Yasushi Akashi, the U.N. envoy to the former Yugoslavia, was preparing to return to his headquarters, Akashi's spokesman told reporters.

"There will be no talks or meetings here in the Palais de Nations this afternoon. We will be returning now to our hotels and making arrangements to return to Zagreb," Spokesman Michael Williams said.

The planned talks were to have begun on Thursday [2 June], but were postponed because a few dozen armed Serbs were reported still to be in the three-kilometer zone, as a result of which Bosnian Muslim leaders announced a boycott.

During the next two days, the U.N. applied pressure on Bosnian Serb leader Radovan Karadzic to withdraw the remaining troops from the zone immediately and salvage the peace talks.

The U.N. peacekeepers then declared that there were no armed Serbs remaining in the zone, but later announced that some were indeed still present in the western portion of the zone.

Williams said Akashi had received assurances from Karadzic that U.N. peacekeepers could take over the Serb position in the zone and had invited vice-president of the Muslim-led Bosnian Government, Ejup Ganic, to the talks.

But shortly afterwards, the spokesman announced that Ganic had announced a boycott and the talks were canceled.

Reports quoted Bosnian Government sources as saying that Ganic will send Akashi a letter explaining his government's reasons for not entering the negotiations while armed Serbs remain around Gorazde.

The talks between Serbs, Muslims and Croats were intended to establish a total cease-fire in Bosnia and represent the latest move by the international community to bring an end to the two-year-old civil war which has claimed some 200,000 lives in the former Yugoslav republic.

Earlier last week, the Muslim-led government in Bosnia said it would not attend the peace talks unless the Serbs withdrew their troops from around Gorazde.

United States & Canada

XINHUA Views Clinton's Remarks on Ties With PRC

OW0306144594 Beijing XINHUA Domestic Service in Chinese 1213 GMT 2 Jun 94

[Text] Washington, 1 Jun (XINHUA)—U.S. President Clinton has said: "We must regard our relations with

China within the broader context of our interests in the Asia-Pacific region, of which America is an integral part."

Clinton made the statement in an article published in the LOS ANGELES TIMES on 31 May. Commenting on the reasons for extending the most-favored-nation [MFN] trade status to China, Clinton said: "After many years' arguments and repetitive vetoes, we no longer implement two sets of policies toward China—one set from the Congress and another from the President. Instead, we will implement a single American policy toward China." He added: "Linking human rights to the MFN has brought us to a dead end."

Clinton continued: "We will have more contacts, more trade, more international cooperation, and more extensive and regular dialogues on human rights issues with China."

Clinton believes that a 21st-century economy is taking shape in China. In 1993, China was the world's fastest growing economy. China is not only an enormous market for American-produced commodities, but has also provided opportunities for more jobs in America. China has a veto power in the United Nations Security Council and it is an important factor for Asian, and even global security. Clinton indicated: The United States and China share major interests in some fields.

He said in conclusion: "The actions I have taken on China suit the long-term interests of both the United States and China."

Commentary Views President Clinton's Europe Visit

HK0406020094 Beijing RENMIN RIBAO in Chinese 2 Jun 94 p 6

["Roundup" by staff reporter Bao Shishao (7637 0013 4801): "Clinton's Trip to Western Europe"]

[Text] Washington, 31 May (RENMIN RIBAO)—U.S. President Bill Clinton left for Europe 1 June. This is his second trip to Europe this year following his first visit to Eastern Europe and former Soviet Union regions earlier this year, suggesting once again that the United States is focusing on Europe in its diplomatic strategy.

During the eight-day visit, apart from taking part in ceremonies marking the 50th anniversary of the Normandy landing by the U.S. and its allied forces during World War II, Clinton will visit Italy, Britain, and France, and meet with the leaders of these countries to exchange views on problems of mutual concern. Since assuming office at the White House, Clinton has repeatedly stressed the importance of the Asia-Pacific region to the United States. Some people believe the fact that Clinton attended the APEC forum held in Seattle last November shows the United States has shifted its strategic priority to the east. However, Clinton emphasized once again that Europe is important to the U.S. global

interest and that Western European countries remain U.S. allies. His current visit to Europe is exactly designed to improve U.S. relations with European countries.

Since last year, the United States has gotten into a dispute with Italy over Somalia, the "special relationship" between the United States and Britain has greatly weakened, and the United States, on the one hand, and Britain and France, on the other, have been divided over ways to settle the crisis in Bosnia-Herzegovina. Clinton will have extensive exchange of views with leaders of these countries on matters of mutual concern to reach an understanding. However, according to a U.S. government official, Clinton does not expect too much of the current trip to Europe.

The situation in Bosnia-Herzegovina is now at a crucial moment. Since the beginning of this year, both the United States and Russia have actively helped solved the crisis in their interest, making Western European countries feel they are left out in the cold. Though the foreign ministers from the United States, Russia, and five European countries held a meeting on the conflict in Bosnia-Herzegovina in Geneva not long ago, the three parties, namely the United States, Russia, and European countries failed to iron out their differences. Recently France proposed to withdraw part of its troops from Bosnia-Herzegovina and this clearly served as a warning to the United States. In France's view, since they have sent more troops to Bosnia-Herzegovina than other countries, they should have more say on the issue. France ardently hopes the United States will send ground forces to Bosnia-Herzegovina to shoulder part of the task of keeping peace and, at the same time, apply pressure on the Muslims so that they will return to the negotiating table. But the United States continues to bring great pressure to bear upon the Serbs, and the U.S. Senate even decided to unilaterally lift the embargo on weapons shipments to Bosnia-Herzegovina and opposed reducing sanctions against Yugoslavia. The media here believe the problem concerning Bosnia-Herzegovina is clearly high on the agenda of this meetings with European leaders.

The U.S.-European relationship has undergone a change since the Cold War ended. Europe is increasingly at odds with the United States, but the latter, as a superpower, is still trying in every possible way to control Europe's affairs, though it is not as strong as before. Clinton's current trip to Europe is undoubtedly planned to attain this strategic objective though whether his effort will prove successful or not is another matter.

U.S. Enterprises To Expand China Business

OW0506142094 Beijing XINHUA in English 1333
GMT 5 Jun 94

[Text] Beijing, June 5 (XINHUA)—The renewal of most-favored-nation (MFN) status for China by the United States Government is beneficial to the growth of business of U.S. trans-national companies in China.

The remarks were made recently by some Beijing-based representatives and managers from U.S. companies, who also said that the rapid pace of the Chinese economy also provides U.S. enterprises favorable opportunities, which they should take to expand their presence here.

The companies, including General Motors (GM), Apple Computers, Caltex Oil, Ford, McDonnell Douglas (MDC), Motorola, United Technology (UTC), Du Pont and AT&T, all have success stories in China.

GM, ranked first on FORTUNE magazine's top 500 corporations for the last two years in a row, has established two joint ventures in China to produce trucks and advanced electronic fuel injection systems respectively. And the auto giant has also secured six licenses to manufacture other auto components.

"GM will be committed to the Chinese automotive market," said Richard Donnelly, vice-president of GM and group executive for the GM powertrain group. "We want to support local manufacturing and technological growth."

Donnelly made his China tour recently to donate engine transmissions to China's Ministry of Machinery Industry, Qinghua University and the Beijing Institute of Technology.

He said that GM's business focus in China would be components manufacturing in support of the industrial policy and plan made by the Chinese Government.

The corporation has made an overall investment plan in China, he said, adding that 20 to 25 cooperative projects were under discussion between GM and China and agreements on several of them would be reached within the year.

Donnelly was convinced that GM would continue its success in China, just as it had done in other countries.

The Apple Computer Company, the largest vendor of personal computers in the U.S. last year, occupied only less than five percent of China's PC market. However, Robin Abrams, vice-president of Apple Pacific, indicated that Apple would take 20 percent of the China market within two or three years.

David Tang, marketing director of Apple China/Hong Kong, predicted that China would become one of the largest PC markets before 1997 with annual sales of one million sets.

In order to occupy the market, Apple would introduce to China its newly-developed Power Macintosh computers, which debuted at the Apple Computer Technology Forum held in Beijing June 1-3.

Tang said that Apple planned to sell 20 thousand Macintosh computers including thousands of power Macintoshes.

It was the best opportunity to enter into the China market since China was still using lots of DOS systems rather than advanced Windows systems due to lack of Chinese software, Tang said.

Apple was looking for Chinese partners to co-develop Chinese software, Tang said, adding that there were 20 Macintosh software programs applicable in China now.

He also disclosed that the company had established a joint-venture in Shandong Province to develop software and had 65 distributors across the country.

Caltex Oil Company, which entered China at the beginning of the century, resumed its China business in the late 1970s. Till now, the company has established extensive business contacts with its Chinese partners and set up several joint ventures.

In 1980, Caltex began to export crude oil for China's Daqing Oil Field, becoming the first foreign oil company of this kind.

After that, Caltex started to build filling stations in Shenzhen, and the business of a Caltex-Shanghai joint venture is the mixture and sale of lubrication oil. Two oil depots and an asphalt depot were built by the company in south China's Zhuhai and Shenzhen cities and Shandong Province. According to a senior Caltex official, the company's commitment to the Chinese market would increase to meet China's rising need for energy.

Canadian Governor General Meets Wu Bangguo

OW0406074494 Beijing XINHUA Domestic Service in Chinese 0814 GMT 2 Jun 94

[Text] Ottawa, 1 Jun (XINHUA)—Canadian Governor General Ramon John Hnatyshyn met Wu Bangguo, head of a Shanghai Municipality delegation, at the Governor's Mansion on 1 June.

Hnatyshyn told Wu Bangguo: Now is the opportune time to develop Canadian-Chinese relations. China's economy has developed rapidly. Canada can become China's economic cooperation partner.

Hnatyshyn welcomed the exhibition of Shanghai commodities in Toronto. He said: The Shanghai commodities exhibition benefits both sides.

Hnatyshyn had toured Shanghai during his April visit to China. He said: Although Canada is only in the initial stages of setting up joint ventures in Shanghai, the number of such ventures has increased 400 percent over the past two years, presenting vast potential in this respect.

Wu Bangguo told Hnatyshyn that the purpose of his visit was to increase bilateral economic cooperation, and that he had brought along proposals for some projects that can be launched in conjunction with Canada. He said: The Shanghai commodities exhibition, which opened on

30 May, has progressed smoothly, recording \$12 million in transactions on the first day.

On the same day, Canadian Industry Minister John Manley also met with Wu Bangguo. The two sides held talks on issues of common interest.

Northeast Asia

Trade Minister Wu Yi Calls on Japan's Hata

OW0306175694 Beijing XINHUA Domestic Service in Chinese 1549 GMT 2 Jun 94

[By reporter Huang Fengzhen (7806 7685 3791)]

[Text] Tokyo, 2 Jun (XINHUA)—During a meeting here today with Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi, Japanese Prime Minister Tsutomu Hata said he hopes Japanese-Chinese friendly relations will always develop.

Hata said he was very glad to have met with President Jiang Zemin, Premier Li Peng, and other Chinese leaders when he, in the capacity of foreign minister, accompanied former Prime Minister Morihiro Hosokawa on a trip to China not long ago. He believes that visit to China was of great significance.

Hata said that a member of his cabinet had made an improper appraisal of history after he assumed the post of prime minister, and that he had taken action to deal with it.

Hata said: According to statistics compiled by Japan, the volume of trade between the two countries topped \$38.6 billion last year. Japanese investment in China also grew rapidly last year. He was glad to see this and hopes for further development in Japanese-Chinese economic relations and trade.

Wu Yi said: Given a push by Sino-Japanese friendly relations and cooperation, bilateral cooperative relations in trade and economics have shown a favorable trend of development and entered a new stage. She stressed: Separated only by a trip over water, China and Japan enjoy the favorable conditions of climatic, geographical, and human closeness. Friendly relations and cooperation between China and Japan are important to Asia and the world.

During her visit to Japan, Wu Yi met with Japanese Foreign Affairs Minister Koji Kakizawa. She also held talks with Minister of International Trade and Industry Eiichi Hata to discuss the development of bilateral cooperative relations in trade and economics, bilateral textile trade, China's accession to GATT, and other issues. Eiichi Hata said Japan supports China's GATT entry.

Headed by Wu Yi, the delegation of the Chinese Ministry of Foreign Trade and Economic Cooperation

arrived in Japan on 31 May for a goodwill visit at the invitation of Japan's Ministry of International Trade and Industry.

DPRK Envoy Presents Package To Solve Nuclear Issue

OW0406132194 Tokyo KYODO in English 1245 GMT 4 Jun 94

[Text] Beijing, June 4 KYODO—The North Korean ambassador to China Saturday [4 June] called on the United States to sit down to talks with the North, laying out his government's plans to solve the nuclear issue on the Korean peninsula.

Ambassador Chu Chang-chun said economic sanctions against Pyongyang would be taken as "a declaration of war" and "the DPRK (North Korea) will survive economic sanctions and will achieve victory in this struggle."

Chu laid out the contents of a package solution that his government hopes to put forward if and when the third round of talks with the U.S. takes place.

"Firstly we will accept the routine and ad hoc inspections to the safeguards agreement, secondly we will reenter the NPT (Nuclear Nonproliferation Treaty) and thirdly when the (clarified) modulated reactor is replaced by the light water reactor we will abolish the (higher) chemical laboratory," he said.

Chu said that in the second round of talks early last summer the U.S. offered to replace the present reactor with a light water reactor which does not produce plutonium waste.

He further accused the U.S. of wanting to prolong its "occupation" of South Korea by first creating the "so-called nuclear issue" and then by refusing to supply the light water reactor, which would end suspicions of plutonium diversion.

North Korea has special status in the NPT, Chu said, due to the suspension of its declaration in March last year to withdraw from the organization.

Chu also ruled out North Korean participation in a Russian-proposed international conference, saying the nuclear issue can be solved only through talks between the U.S. and North Korea.

The administration of U.S. President Bill Clinton has been seeking widespread support for U.N. Security Council sanctions against the North.

The 16-month-long standoff reached a new level last weekend when the International Atomic Energy Agency, the U.N. nuclear watchdog body, said Thursday it will not be able to determine whether North Korea has diverted nuclear material for a bomb after Pyongyang

refused agency inspectors from supervising the refueling of its 5-megawatt experimental nuclear reactor a nuclear reactor in Yongbyon.

North Korea denies allegations by the U.S., South Korea and other Western-bloc nations that it is building nuclear weapons.

DPRK Considers Economic Sanctions as 'Declaration of War'

OW0406131094 Tokyo NHK General Television Network in Japanese 1000 GMT 4 Jun 94

[Announcer-read report over video; from the "NHK News 7" program]

[Excerpt] Since it has become impossible to inspect DPRK's process of replacing nuclear fuel rods, the United Nations has begun to talk about the possibility of imposing economic sanctions against the DPRK. While this is going on, the North Korean Ambassador to China issued a warning, saying that imposition of economic sanctions will be viewed as a declaration of war against the DPRK.

[Begin recording of DPRK Ambassador Chu Chang-chun in Korean] We have already informed our friendly nations that we would regard any economic sanctions against us as a declaration of war. The Democratic People's Republic of Korea will win, win, and win over in its fight against the economic sanctions sought by the United States. [end recording] [subtitles in Japanese on screen read: We have already informed the nations concerned that we would regard economic sanctions as a declaration of war against us. We will win at the end even if economic sanctions are imposed.]

In this way, Ambassador Chu Chang-chun explained North Korea's stand that it will remain unperturbed even if economic sanctions are imposed against the DPRK. [passage omitted]

Daily Sees 'Room for Maneuver' on Korea Issue

HK0506060894 Hong Kong HSIN WAN PAO in Chinese 4 Jun 94 p 1

[Article from the "New Talk" column: "China Still Wishes To See Peace and Stability on the Korean Peninsula"]

[Text] U.S. President Clinton, who plans to leave for Normandy in France the day after tomorrow to attend ceremonies marking the 50th anniversary of D-Day, announced yesterday in Rome that he will urge the UN Security Council to impose sanctions on Korea. On the day of the ceremonies in Normandy, the UN Security Council will deliberate the issue and vote on a decision. This fully shows that, although approximately 50 years have elapsed since the war and despite the end of the Cold War, conflicts still exist in the world, which is by no means tranquil.

In his remarks in Rome, Clinton said that he had a conversation with ROK President Kim Yong-sam, who is in Moscow, and they had reached an agreement, which he said had the support of Russia and China as well. We must still wait for the changes in the situation next week to see whether this is true.

Officials from the International Atomic Energy Agency [IAEA], who arrived in Pyongyang to examine the nuclear fuel rods replaced by Korea, said that, after their arrival in Pyongyang, Korea did not stop withdrawing the fuel rods, and, therefore, they could not verify whether nuclear material had been transferred for other military purposes or even for making A-bomb. Following their return to the Vienna headquarters, they sent Director-General Blix to New York to report the latest developments in Korea's nuclear crisis to the UN Security Council. After listening to his account, the UN Security Council will have to decide on countermeasures. The sanctions Clinton mentioned in his remarks in Rome yesterday constitute one of these measures.

The latest news shows that there is still room for maneuver, however. A Korean official said that the fuel rods which were removed from the reactor can still be traced and examined, because Korean engineers have used a storage method which permits reexamination. Korean Ambassador to Vienna Kim Kwang-sop also proposed that the IAEA hold a new round of talks to break the deadlock.

During his visit to Moscow and his meeting with Russian President Yeltsin, ROK President Kim Yong-sam discovered that Yeltsin's remarks gave consideration to the position of both parties. At first, Russia's position was to suspend weapons shipments to Korea if necessary. However, Russia also opposed imposing UN Security Council sanctions on Korea. This does not seem to be fully in line with Clinton's estimates.

As for China's attitude, the speech made by Li Daoyu, the PRC representative to the UN Security Council, and the Chinese Foreign Ministry spokesman's reply to reporters both emphasized China's opposition to using drastic means and its hope that the issue could be resolved through dialogue.

Analyses in the U.S. media believe that, while extending China's most-favored-nation trading status, in addition to economic and trade concerns, President Clinton also took into account the U.S. comprehensive ties with Asia, which includes improving U.S. ties with Korea through China. In handling the Korean issue, the United States must consider the China factor.

Chinese Vice Foreign Minister Tang Jiaxuan, currently in Seoul, held talks with Deputy Prime Minister Yi Hong-ku and Vice Foreign Minister Pak Kon-u and exchanged views on the nuclear issue in the Korean peninsula. Both sides reached an agreement: In handling the issue, first, peace and stability must be maintained on the peninsula; and, second, efforts should be made to denuclearize the peninsula. This is China's consistent

principle, and it will probably be expressed at the Security Council's deliberations next week.

Daily Views PRC Role in Sanctions Against DPRK

*HK0306150994 Hong Kong TA KUNG PAO in Chinese
3 Jun 94 p 4*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "The Situation on the Korean Peninsula Becomes Tense Again"]

[Text] Pyongyang Rejects the Security Council's Call

The 15-member Security Council passed a resolution a few days ago calling on the DPRK to fully accept inspection by the International Atomic Energy Agency [IAEA] of its nuclear facilities and requesting that it handle the problem of fuel rods with caution. The DPRK responded by rejecting the Security Council's call, saying that it is totally unacceptable and unjustified. Pyongyang said in its announcement that the IAEA's evaluation of the DPRK nuclear issue is based on an erroneous assessment and is wholly improper. The DPRK's tough position immediately intensified the dispute on the peninsula.

The DPRK is continuing the fuel rod removal and refusing inspection by international nuclear experts, causing dissatisfaction among the United States, the ROK, Japan, and other countries. If the DPRK continues to replace those fuel rods, the IAEA will not be able to find out whether the DPRK has been secretly making nuclear bombs. The IAEA pointed out that the DPRK's continuing removal of fuel rods is very serious and can be seen as a proof by default that it is indeed developing nuclear bombs.

The Security Council's call was softer in tone and did not sound like an ultimatum, possibly as a result of China's influence. China is calling on the United States, the DPRK, the ROK, and concerned parties to sit down for frank consultations on the "suspicion about nuclear weapons," and to refrain from resorting abruptly to actions to isolate the DPRK, although it is also stressing its opposition to nuclear armaments on the Korean peninsula and its demand that the DPRK accept international nuclear inspection. **Japan Says the DPRK Is About To Launch a Guided Missile Test**

The problem right now is that the DPRK's hardened position has made the United States, the ROK, and Japan look at it as a very serious matter; and the report acquired by Japan that the DPRK might test-fire a large guided missile into the Sea of Japan within this week only heated up the media. Japanese Foreign Minister Koji Kakizawa said on 1 June at the House of Representatives Budget Committee that if the United Nations still fails to come up with a decisive resolution, Japan will be prepared to move toward a three-country joint effort to address the issue with the United States and the ROK,

on the argument that the ROK's and Japan's security has a direct bearing on the U.S.-Japanese Security Pact.

The United Nations will impose a naval blockade to cut off ship transport to the DPRK in the case of economic sanctions.

Pyongyang is very nervous about such a move and has declared that the deployment of U.S. warships to block off the DPRK may trigger war. In fact both the DPRK and the ROK have put their countries on emergency mobilization footings and readied contingency plans in anticipation of war. **The DPRK Cannot Afford the Cost of War**

Have developments on the peninsula reached an explosion point? I do not believe that the matter can be this simple. The DPRK simply cannot take it if hit by full-scale economic sanctions. Once the sanctions are in force, remittances by Koreans residing in Japan will be cut off, and so will grain and oil [qi you 3086 3111] from China, and commodities obtained through border trade. Under an economic blockade, very grave situations may occur, one of which may be a massive outflow of Korean people into first the ROK, and then China and Japan; neighboring countries will all be worried.

Under economic sanctions, will the DPRK, with its "back to the wall," go to war with the ROK? The answer is no. The DPRK is worn out economically and, once war begins, it is absolutely incapable of sustaining the enormous war expenditure; its domestic economy will become a bigger concern.

ROK President Kim Yong-sam is visiting Russia, talking with Yeltsin on how to solve the DPRK nuclear issue. Once war breaks out on the peninsula, Russia will not support the DPRK. The Russo-DPRK Friendship Treaty is due to expire in two years and is not something to count on.

For the DPRK, the best option is to accept inspection and thus dispel international suspicions about its nuclear program. This will benefit its relations with the United States, Japan, and the ROK and may usher in cooperation and exchange helping it to open up to the outside world. For the United States, the ROK, and Japan, it is better to pursue peaceful consultations with the DPRK and not to resort to sanctions at every turn.

Southeast Asia

Cambodian Leader Sihanouk Visits Sites, Meets Leaders

Visits Technological Zone

OW0306133194 Beijing XINHUA in English 1253
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—King Norodom Sihanouk and Queen Norodom Monineath Sihanouk of

Cambodia visited the Beijing experimental zone for the development of new technology industries here today.

The Cambodian guests also visited the Huake Advanced Telecommunications Technology Development Corporation and the Beijing University Founder Group Corporation in the zone, where they were warmly received by the two staffs.

The visitors were briefed on the development of the zone, which is the first experimental zone for new and high-tech industries, and was authorized by the State Council in May, 1988.

During the past six years, it has witnessed rapid development, with over 4,000 new and high-tech enterprises now and a 40 percent annual growth rate in economic returns.

After the visit, Sihanouk wrote a few words to express his congratulations on China's achievements in national construction and scientific and technological development.

Meets Jiang Zemin

OW0306143394 Beijing XINHUA in English 1419
GMT 3 Jun 94

[Text] Beijing, June 2 (XINHUA)—Chinese President Jiang Zemin met with King Norodom Sihanouk and Queen Norodom Monineath Sihanouk of Cambodia here at the Diaoyutai State Guesthouse here this afternoon.

Jiang and King Sihanouk spoke highly of Sino-Cambodian friendship and hoped that the friendly cooperative relations between the two countries will be further developed.

Welcoming the king and queen on their official good-will visit to China, Jiang said that the visit is a big event in bilateral relations, which he believed will push the relations to a new height.

Jiang said that in the past year, historical changes have taken place in Cambodia. Under the leadership of King Sihanouk, he said, the country, which had undergone chaos caused by war for years, has entered into the stage of restoration and reconstruction.

The Chinese president said that China appreciates King Sihanouk's view of a comprehensive national reconciliation and his efforts for such goal. "We hope that under King Sihanouk's leadership, the various political parties will properly settle the domestic problems by peaceful means and build Cambodia into an independent, Peaceful, unified, integrated and prosperous country," he said.

China hopes that the efforts made by the international community will be helpful in promoting Cambodia's national reconciliation and peace and stability in the country, Jiang said.

China and Cambodia have had long-term traditional friendly relations, Jiang said. During the Bandung conference in 1955, King Sihanouk got to know the late Chinese Premier Zhou Enlai and they opened a new page of bilateral relations between China and Cambodia.

Jiang said the king had visited China many times and had made valuable contributions to the friendship between the two countries.

The Chinese president expressed China's willingness to work with Cambodia to further develop the friendly cooperative relations in all fields, on the basis of the five principles of peaceful co-existence.

Sihanouk said that the Cambodian people were very grateful to the Chinese people and government, as well as to Deng Xiaoping and President Jiang, for the support and help in the country's reconstruction, and would never forget it.

Briefing Jiang on the situation in Cambodia and the recent Pyongyang round-table conference, Sihanouk noted that the urgent task at present in Cambodia is to realize a ceasefire and peace.

Without peace and stability in the country, said Sihanouk, there is no way for restoration and reconstruction.

The king said that holding the round-table conference was to seek peace, adding that the first conference was over now, but future efforts were also needed.

Sihanouk pointed out that the Cambodian issue can only be solved by negotiations and peaceful methods.

Taking part in the meeting were Chinese Vice-Premier and Foreign Minister Qian Qichen, Wu Jieping, vice-chairman of China's National People's Congress Standing Committee, and senior Cambodian officials accompanying King Sihanouk.

Before the meeting, President Jiang presided over a ceremony welcoming the Cambodian guests. This evening he hosted a banquet in their honor at the Diaoyutai State Guesthouse.

More on Meeting

OW0306193294 Beijing XINHUA Domestic Service in Chinese 1444 GMT 3 Jun 94

[By reporters Zhang Rongdian (1728 2837 0368)]

[Text] Beijing, 3 Jun (XINHUA)—Chinese President Jiang Zemin met with King Norodom Sihanouk and Queen Norodom Monineath Sihanouk of Cambodia at the Diaoyutai State Guesthouse this afternoon. Jiang and King Sihanouk spoke highly of Sino-Cambodian friendship and hoped that the friendly cooperative relations between the two countries will be further developed.

During the cordial conversation, Jiang Zemin extended a warm welcome to the king and queen on their official

goodwill visit to China. Jiang Zemin said: "King Sihanouk is a great leader of the Cambodian people and a well-known international statesman, and is also a familiar and respected old friend of the Chinese people. The visit by the king and queen is an important one to which we have been looking forward for a long time. It is a big event in bilateral relations. We believe the visit will push the traditional friendly cooperative relations between the two countries to a new height."

Jiang Zemin said: In the past year, historical changes have taken place in Cambodia. Under the leadership of King Sihanouk, the country, which had undergone chaos caused by war for years, has entered the stage of restoration and reconstruction. He said: "Your Majesty has consistently stood for the realization of a comprehensive national reconciliation in Cambodia. We appreciate Your Majesty's unrelenting efforts to achieve this goal and we pay tribute to Your Majesty's patriotism in showing concern for the country and people. We sincerely hope that under King Sihanouk's leadership, the various political parties in Cambodia will set store by national interests, unite, and properly settle domestic problems by peaceful means, and build Cambodia into an independent, peaceful, unified, integrated, and prosperous country. We also hope that the efforts made by the international community will be helpful in promoting Cambodia's national reconciliation, peace, and stability in the country."

Jiang Zemin said: "The people of China and Cambodia have had a long-term traditional friendship. During the Bandung conference in 1955, King Sihanouk came to know the late Chinese Premier Zhou Enlai, and they opened a new page of bilateral relations between China and Cambodia. Your Majesty has visited China many times, cherishes a deep affection for China, and has made valuable contributions to developing friendly relations between the two countries. We express our sincere gratitude." Jiang Zemin stressed that China is willing to work with Cambodia to further develop friendly cooperative relations in all fields on the basis of the five principles of peaceful coexistence.

On behalf of the Royal Kingdom of Cambodia and its people, King Sihanouk thanked President Jiang Zemin for the warm invitation and reception.

He said: The Cambodian people are very grateful to the Chinese people and government as well as to Deng Xiaoping and President Jiang for their support and help for realizing peace, stability, and reconstruction in Cambodia. The Cambodian people will never forget this.

Briefing Jiang on the situation in Cambodia and the recent Pyongyang round-table conference, Sihanouk said: The urgent task at present in Cambodia is to realize a ceasefire and peace. Without peace and stability in the country, there is no way for restoration and reconstruction. Holding the round-table conference was to seek peace. The first conference is over now, but future efforts

are also needed. The Cambodian issue can only be solved by negotiations and peaceful methods.

Taking part in the meeting were Chinese Vice-Premier and Foreign Minister Qian Qichen; Wu Jieping, vice chairman of China's National People's Congress Standing Committee; Liu Zhongde, head of the Chinese Government Reception Committee; Yao Jun, vice chairman of the Chinese Peasants' and Workers' Democratic Party Central Committee; Samdech Chakrei Nhoek Chulong, Samdech Chau Senkosol, and Kong Sam-ol, who is minister in charge of the royal affairs and concurrently minister of agriculture with deputy prime minister status, accompanying King Sihanouk.

Before the meeting, President Jiang presided over a ceremony welcoming the Cambodian guests at the square outside the east gate of the Great Hall of the People. This evening he hosted a banquet in their honor at the Diaoyutai State Guesthouse.

This morning, the king and queen visited the Beijing experimental zone for the development of new technology industries, as well as the Huake Advanced Telecommunications Technology Development Corporation, and the Beijing University Founder Group Corporation in the zone. This afternoon, they laid wreaths at the Monument to People's Heroes and paid respects to, and presented flowers to the remains of Chairman Mao.

Qiao Shi Meets Sihanouk

*OW0406084294 Beijing XINHUA in English 0828
GMT 4 Jun 94*

[Text] Beijing, June 4 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, expressed his conviction here today that Cambodia will succeed in its cause of peace and reconstruction.

Qiao stressed this conviction when meeting with King Norodom Sihanouk and Queen Norodom Monineath Sihanouk of Cambodia. He said that Sihanouk, having a profound friendship with Chinese leaders of several generations, has been devoted to the promotion of the friendly and cooperative relations between the two countries in the past decades.

Qiao said that Cambodia, under the leadership of Sihanouk and with the common efforts of all Cambodian people, will resolve its internal problems with success.

He said that the NPC is willing to strengthen its cooperation and exchanges with the Cambodian parliament and help enhance the two countries' ties.

Sihanouk said that the friendship and solidarity between Cambodia and China, experiencing all kinds of tests in the past decades, have witnessed constant development. "I had a good talk with President Jiang Zemin yesterday and I hope my current China visit will further the two countries' relations", he added.

The Cambodian king pointed out that there exist domestic problems in the peace and stability of Cambodia. "I propose to realize overall national reconciliation in Cambodia and only through peaceful means can the current problems be settled", he said.

Li Peng Meets Cambodian King, Queen

*OW0406142394 Beijing XINHUA in English 1412
GMT 4 Jun 94*

[Text] Beijing, June 4 (XINHUA)—Chinese Premier Li Peng met with King Norodom Sihanouk and Queen Norodom Monineath Sihanouk of Cambodia here at the Diaoyutai State Guesthouse this afternoon.

Li and King Sihanouk both said that they will make joint efforts to further develop the friendly and cooperative relations between the two countries.

Li said the king and queen had brought the deep feelings of the Cambodian people to the Chinese people, and the Chinese Government and people welcomed them.

During the meeting, King Sihanouk briefed the Chinese premier on the domestic situation in Cambodia.

Li said that though the problems in Cambodia are complicated, King Sihanouk had adopted correct policies and measures, which proceeded from the overall situation.

"We believe that through continued efforts, the prospect for realization of peace and national reconciliation is good," Li said.

The Chinese premier also briefed King Sihanouk on China's political, economic, and diplomatic situations, as well as its main policies at present.

King Sihanouk said each time he visited China, he saw its great changes in various fields, and that he was glad to see the achievements made by the Chinese people.

After the meeting, Li and his wife Zhu Lin hosted a banquet for the Cambodian king and queen.

This morning, the king and queen toured the World Park in Beijing.

Cambodian Government Troops Attack Khmer Rouge

*OW0206170594 Beijing XINHUA in English 1608
GMT 2 Jun 94*

[Text] Phnom Penh, June 2 (XINHUA)—Cambodian Government troops on May 30 began launching attacks against the Khmer Rouge in the southwest of the country, said the Khmer press agency here today.

The press agency quoted General Touch Kim Siem [spelling of name as received], commander of the Sihanouk Ville military operation, as saying that the government troops had conducted a three-pronged operation against guerrilla positions in Talan, Chraing Kraham

and Khal Chhay, killing three Khmer rouge soldiers, wounding seven and taking 15 others prisoner.

After the Pyongyang round-table talks on May 27 and 28 proposed by King Norodom Sihanouk failed to reach an agreement on an immediate ceasefire. [sentence as received]

Chen Muhua Departs For Jakarta Women's Conference

OW0506052294 Beijing XINHUA in English 0155
GMT 5 Jun 94

[Text] Beijing, June 5 (XINHUA)—Chen Muhua, vice-chairwoman of the Standing Committee of the National People's Congress (NPC) and president of the All-China Women's Federation, left here this morning for Jakarta.

Chen, who is leading a 38-member delegation of the Chinese Government, is to attend the Asian and Pacific Ministerial Conference on Women in Development in Jakarta, Indonesia.

Those who saw Chen off at the airport were Vice-Foreign Minister Liu Huaqiu, representative of the United Nations Development Program Arthur N. Holcombe, and Indonesian diplomats in China.

The conference will examine and assess the implementation of the "Nairobi forward-looking strategy for the advancement of women in the year 2000", and work out a plan for the improvement of women's status in the Asian-Pacific region.

Chen Muhua Arrives in Jakarta

OW0506144894 Beijing XINHUA in English 1423
GMT 5 Jun 94

[Text] Jakarta, June 5 (XINHUA)—Chen Muhua, vice chairman of the Chinese National People's Congress and chairman of All-China Women's Federation, arrived here this evening.

Leading a 38-member Chinese delegation, Chen Muhua is to attend the Second Asian and Pacific Ministerial Conference on Women from June 7 to 14.

Welcoming the Chinese delegation at the airport were Mien Sugandhi, Indonesian minister for women's affairs and Charge d' Affairs ad Interim of the Chinese Embassy Liang Dong.

At the airport, Chen Muhua told the press that this is a good opportunity for her to learn experiences from her Indonesian counterpart on the organization work for an international conference.

She said she would like to exchange opinions with the hosts and promote mutual understandings between each other.

She conveyed greetings of the Chinese women to the Indonesian women.

Ministers, senior officials and representatives from 50 nations will take part in the conference to review among other things, the current situation concerning the status of women in the region.

It is learnt that the week-long conference will consider adopting a new regional plan of action to improve the well-being of women in the region.

Thai Prime Minister Receives Chinese Trade Officials

OW0306175594 Beijing XINHUA Domestic Service in Chinese 1310 GMT 1 Jun 94

[By reporter Wang Weijun (3769 5898 6511)]

[Text] Bangkok, 1 Jun (XINHUA)—Thai Prime Minister Chuan Likphai met with Zheng Hongye, chairman of the China Council for the Promotion of International Trade and the China Chamber of International Commerce, and his party here this afternoon. They had a cordial and friendly conversation.

During the meeting, Chuan Likphai said he was heartened by the smooth implementation of various agreements he had reached with the Chinese side on cooperation projects during his visit to China last August. He wished to see more investment in Thailand by Chinese enterprises and further development of Thai-Chinese trade and economic cooperation.

Zheng Hongye said he believed that Sino-Thai friendly relations and trade and economic cooperation would develop rapidly.

Zheng Hongye and his party were paying a goodwill visit to Thailand at the invitation of Li Jinghe, chairman of the Thailand-China Council for the Promotion of Investment and Trade. This evening Zheng Hongye presided over the opening ceremony of the Thailand-China International Trade Center jointly built by the China Council for the Promotion of International Trade and the Thailand-China Council for the Promotion of Investment and Trade. Zheng Hongye and Li Jinghe took up the posts of chairman and vice chairman of the board of the center, respectively.

West Europe

French Speaker, Former President Meet NPC Delegation

OW0406074794 Beijing XINHUA Domestic Service in Chinese 0436 GMT 2 Jun 94

[By reporter Zhang Youhao (1728 2589 3185)]

[Text] Paris, 1 Jun (XINHUA)—Rene Monory, president of the French Senate, and Giscard d'Estaing, former French president and chairman of the French National Assembly's Foreign Affairs Committee, on 1 June separately met and feted a delegation from the Chinese

National People's Congress [NPC] Foreign Affairs Committee, led by Vice Chairman Zhou Jue.

During the meeting, Speaker Monory happily recalled his trip to China in February this year. He said he was very concerned about China and the development of French-Chinese relations. He was delighted at the improvement of French-Chinese relations since the beginning of this year. On human rights issues, Monory said: Eastern countries are different from Western nations; they have their own cultural traditions and historical backgrounds. The West cannot demand identical concepts and practices from the East.

During his meeting, D'Estaing commended the reform and opening up policies that China has implemented for many years. He also expressed admiration for China's achievements in economic construction.

He considered it very important for France to improve and develop its relations with China. France should keep working hard to catch up with other major powers in developing relations with China. D'Estaing said: France and China seldom hold different viewpoints on international political issues, and they have cooperated very well in the UN Security Council. He expressed the hope that the two countries would further develop economic cooperation and trade while increasing political cooperation in the future.

Zhou Jue and his entourage arrived in Paris last night at the invitation of the French National Assembly's Foreign Affairs Committee. During its visit to France, the delegation will also hold working meetings with the Foreign Affairs Committee.

German Chancellor Meets Deng Xiaoping's Daughter

OW0406074394 Beijing XINHUA Domestic Service in Chinese 1316 GMT 2 Jun 94

[By reporter Li Zhongfa (2621 6988 4099)]

[Text] Bonn, 1 Jun (XINHUA)—German Chancellor Helmut Kohl met with Deng Nan, vice minister of China's State Science and Technology Commission, here on 1 June. The two sides held cordial and friendly talks.

Kohl expressed his great admiration for Deng Xiaoping, to whom he asked Deng Nan to convey his cordial greetings. Deng Nan relayed Deng Xiaoping's regards to Kohl. She said her father was very pleased with Kohl's

successful visit to China last year. Chinese Ambassador to Germany Mei Zhaorong was present during the meeting.

On the same day, Deng Nan also held talks with German Environment Minister Klaus Toepfer and Research and Technology Minister Paul Krueger. The two sides had useful discussions on furthering scientific and technological cooperation between the two countries, particularly in the field of environmental protection.

Deng Nan arrived in Germany on 27 May. She will leave for Italy upon concluding her Germany visit on 4 June.

Zhu Rongji Meets Norwegian Finance Ministry Delegation

OW0406050194 Beijing XINHUA Domestic Service in Chinese 0732 GMT 2 Jun 94

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 2 Jun (XINHUA)—The Chinese Finance Ministry and its counterpart from the Kingdom of Norway recently hosted a joint international seminar in Beijing, during which they exchanged views on and explored the financial and taxation systems in a market economy, as well as macroeconomic financial policies.

The seminar was held at the initiation of Zhu Rongji, State Council vice premier. During the seminar, Zhu Rongji met Ouen [name as received], secretary general of the Kingdom of Norway Finance Ministry, and his entourage.

Norwegian Deputy Speaker Meets Deng Xiaoping's Son

OW0406033094 Beijing XINHUA Domestic Service in Chinese 0406 GMT 2 Jun 94

[Text] Stockholm, 1 Jun (XINHUA)—Edward Klimosta [name as received], vice president of the Norwegian Parliament, met Deng Pufang, president of the Chinese Federation for the Disabled, in Oslo on the afternoon of 1 June. The latter is on a visit to Norway.

Deng Pufang briefed Klimosta on China's development of services for the disabled. Both sides signaled a willingness to increase cooperation between their countries in expanding services for the disabled, and to make joint efforts to draw the international community's attention to issues regarding the disabled.

At the invitation of the Norwegian Social Affairs Ministry, the Chinese Federation for the Disabled delegation, led by Deng Pufang, arrived in Oslo on 31 May for a five-day goodwill visit to Norway. The delegation had visited Sweden prior to its arrival.

Political & Social

Deng Says 'Sky Will Not Fall When He Dies'

OW0306124394 Tokyo KYODO in English 1225 GMT
3 Jun 94

[Text] Hong Kong, June 3 KYODO—China's paramount leader Deng Xiaoping has said the sky will not fall when he dies, a pro-China magazine reported Friday [3 June].

The Chinese-language MIRROR said the 89-year-old Deng recently told members of his family "don't consider my individual contributions so important."

"Even when Chairman Mao died, the sky didn't fall... Outsiders say every day that I have died... That I am very ill. But the important thing is that the work must go on, that the economy must continue to develop," said Deng.

Deng recently advocated three principles, according to the MIRROR. "Firstly," Deng said, "economic construction should be the center of China's policy. Secondly, I advocate reform and the open door policy, and thirdly, development is the correct road." Deng added that it had already been proven that these three principles were correct and had the support of the people.

"This generation of leaders is now too old to solve them," the paramount leader reportedly said, adding "it is up to the third generation of leaders to address these issues."

Beijing Clamps Down on Security Prior to 4 Jun

HK0306125094 Hong Kong AFP in English 1240 GMT
3 Jun 94

[By Giles Hewitt]

[Text] Beijing, June 3 (AFP)—The Chinese authorities wrapped an all-embracing security blanket around Beijing on Friday [3 June] to avert any public incident on the eve of the fifth anniversary of the Tiananmen Square massacre. In a clampdown unprecedented since martial law was imposed in 1989, the government flooded the capital with People's Armed Police (PAP) and plainclothes personnel, interrupted satellite television broadcasts and prohibited even the most innocuous-sounding gatherings.

Police roadblocks have been thrown up around the university area in the northwest of Beijing, preventing foreigners from approaching Beijing University—one of the cradles of the 1989 pro-democracy movement that was brutally suppressed by Chinese troops on June 4. The main entrance to Qinghua University was guarded by about a dozen uniformed security personnel, rigorously checking student identifications.

On Tiananmen Square itself, hundreds of plainclothes police—easily recognisable by their dark glasses and

two-way radios wrapped in copies of the People's Daily—shadowed all foreigners and quickly broke up any gathering of more than five people. The square's Monument to the People's Heroes—one of the focal points of the 1989 demonstrations—was roped off and one Chinese who complained that he was not allowed to climb the monument's steps was quickly moved on.

Three journalists from the US television network CBS, who shot some film on the square Friday morning were detained by police and questioned for two hours. All their videotape was confiscated, one of the journalists said, adding that the police had accused them of filming without authorisation and shooting footage of the heavy security presence.

"I have never seen the security so tight for a Tiananmen anniversary," a Western diplomat said. "It only needs troops on the street and it would be like martial law in 1989," he said, adding that widespread discontent over inflation and corruption and a marked increase in dissident activity at the beginning of the year had fueled the authorities' anxiety.

While the normal complement of Chinese sight-seers and kite-flyers were in evidence on Tiananmen Square, others were clearly intimidated by the police presence. "We haven't received any order not to go to the square this evening, but I still won't go," said one Beijing worker.

With the country's leading activists either in prison or exiled to the provinces and abroad, the only open sign of dissent was provided by university professor Ding Zilin who began a two-day hunger strike Thursday to protest against the heavy police surveillance of her home. Ding and her husband Jiang Peikun began their hunger strike at 6:25 p.m., the time of the birth of their son Jiang Jielun, who was shot dead by Chinese troops on June 4, 1989.

Also Thursday, the Beijing Public Security Bureau (PSB) ordered all the capital's major hotels to pull the plug on the US Cable News Network (CNN) until further notice. "The PSB declined to give any reason for their decision, but obviously it's because of June 4," said the public relations manager at a joint-venture hotel. CNN reception in the foreigners' compounds housing Beijing-based diplomats and journalists was repeatedly interrupted Friday whenever a China report was aired.

Under a PSB directive issued last week, any group wishing to hold a meeting of more than 20 people in a Beijing hotel must first get police permission. At least two business meetings in the Kempinski Hotel—a Sino-German-South Korean joint venture—had to be called off last week after failing to get approval from the PSB.

Newspaper listings showed a marked lack of cultural events on what is normally a socially active Friday night and at least one bar popular with foreigners and Chinese was pressured into closing for the evening. A planned

showing of the 1993 Cannes Palme D'Or-winning Chinese film "Farewell to My Concubine" had to be cancelled because of a "power failure"—the same reason given for the cancellation of a leaving party for a US journalist last weekend.

'Few Hundred Students' Mark 4 Jun at University

HK0406050294 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 94 p 8

[By Geoffrey Crothall and John Kohut in Beijing]

[Text] A few hundred students at Beijing University observed the fifth anniversary of the June 4 massacre last night by holding a silent vigil. At midnight, all lights were on at the post-graduate dormitories of the university and many students were seen standing out on the balconies.

Earlier, authorities at the university, the centre of the 1989 democracy movement called a meeting of the students to ferret out those responsible for passing out commemorative leaflets.

Security at all of Beijing's major universities was very tight with no non-university personnel being allowed on campus without first undergoing a rigorous interrogation and registration process.

Last night, police roadblocks cordoned off the entire university area in Haidian District, stopping foreigners' cars—distinguished by their black licence plates—from entering. Every intersection in the college district was guarded by about half a dozen police. At least two truckloads of the para-military People's Armed Police were seen patrolling around Beijing University.

Throughout yesterday, the police apparatus threw a tight security net over Beijing, covering Tiananmen Square with uniformed and plain-clothes police, cutting off dissidents' telephones, and banning gatherings. Tiananmen Square was swamped with plain-clothes and uniformed police officers yesterday morning. Hundreds of plainclothes officers—some disguised as tourists, others not even bothering to conceal their identity—patrolled the square all day.

As soon as foreigners entered the square, they were immediately followed and videotaped by police armed with a wide variety of cameras, walkie-talkies, and mobile phones.

Three journalists from the American television network CBS, who shot some film on the square yesterday morning, were detained by police and questioned for two hours. All their videotape was confiscated.

Many people had been told by their work units to stay away from the square during the anniversary.

A screening of the film Farewell to My Concubine at the Sino-Japanese Youth Exchange Centre last night was cancelled. Callers to the cinema were told it was because

the theatre had no electricity. However, it appeared the cinema was following orders from the police.

Dissident Professor Ding Zilin and her husband Jiang Peikun went on a three-day fast on Thursday night to protest against the heavy police surveillance under which they have lived since May 20 and to commemorate those who died five years ago. The couple lost their 17-year-old son, Jiang Jieliang.

The switchboard at People's University, where the couple live and where they used to teach, cut off their telephone line on Thursday at noon. But one caller managed to persuade the operator to put a call through yesterday morning. "My son was shot between 11.05 and 11.15 on June 3. I don't know when he actually stopped breathing but I'll continue to fast until June 4 because I want to commemorate others who died with him," Professor Ding, who has a heart problem, said.

Beijing Students Support Tiananmen Suppression

HK0506061594 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 94 p 6

[By Geoffrey Crothall in Beijing]

[Text] "Tell the world", protesting students beseeched foreign journalists as the Army stormed its way into the centre of Beijing on the night of June 3-4, 1989.

Today, five years later, Beijing's students are equally anxious that their voice be heard—but it is a different message they want to get across. "I think the Government was right to suppress the rebellion, it was a good thing. Our country would not be in the position it is today if action had not been taken then," said a young undergraduate at the prestigious Chinese People's University.

"A lot of students and ordinary people think like that. They see that China is now quite strong and prosperous, so why should you want to disrupt that," he said as he devoured a bowl of noodles at one of the numerous privately-run restaurants which have sprung up around the campus. "We are now engaged in economic construction, that is what people should devote their efforts to, not protesting and demonstrating," he added.

When told that many people in the West still had an image of Chinese students as brave fighters for democracy, the student and his friends from the university were flabbergasted. "That's ridiculous," one of them said. "You really must report what we are really like now."

The students said the anniversary of the June 4 massacre had no significance for them. They were all in high school at the time and did not take part in any of the protests and had no sentimental attachment to the movement. "It's ancient history now," one of them said. "The only reason we know it's the anniversary is because

of all these police outside and increased security on the gate. Otherwise we wouldn't pay any attention to it at all."

Nearly all the undergraduates from the People's University interviewed on Friday [3 June] and yesterday had a low opinion of the 1989 democracy movement. "We can say now the movement was badly organized. They did not have clear objectives and did not understand the reality of the situation," one said. "People like Wang Dan and Wuer Kaixi were actually very poor students, they got very bad marks in their exams."

They accused Wang Dan of cheating his fellow hunger-strikers by sneaking off to restaurants at night and having a good feed while the others suffered in the square. Wuerkaixi, they claimed, had embezzled funds. "Look at where they are now. How can you say these people have achieved anything of note?" another student said.

While the students insisted that their views were their own and were not simply repeating a government line, many graduates said their younger colleagues had been brainwashed. "When I was at university (in the mid-1980s) all our teachers were open and encouraged us to develop new ideas but since 1989 the teachers have been much more controlled and have reverted to the old style of education," one graduate said. "The Government has put a lot of work into so-called patriotic education. And it must be said they have been successful," he said. "As you can see there really is a big generation gap between my generation and the students today."

Dissident Bao Ge Reportedly Detained in Shanghai

HK0406075094 Hong Kong AFP in English 0718 GMT 4 June 94

[Text] Beijing, June 4 (AFP)—Chinese dissident Bao Ge, who defied the authorities by setting up a human rights group, was detained in Shanghai on the eve of Saturday's fifth anniversary of the Tiananmen massacre, a friend said. The friend said by telephone that several police went to the home of Bao's parents around 11:00 pm (15:00 GMT) Friday after he had been to city hall to register his human rights organization.

Bao, 31, has also written to the civil affairs ministry to officially register the group, which another friend said has 167 members in several Chinese provinces. The association is demanding free trades unions, religious freedom and compensation for the families of victims of the Japanese occupation of the 1930s and 1940s and relatives of the Tiananmen victims, the friend said.

Bao has been under continual police surveillance since May and his telephone has been cut. Other Shanghai dissidents have faced the same treatment and at least five have been detained.

Dissident Seeks Recognition for Human Rights Organization

HK0406030094 Hong Kong AFP in English 0245 GMT 4 Jun 94

[Text] Beijing, June 4 (AFP)—Shanghai dissident Bao Ge defied the authorities on Saturday, fifth anniversary of the Tiananmen Square massacre, asking for official permission to set up a human rights organization, one of his friends said. The activist wrote to the ministry of civil affairs to formally register the group, which already has 167 members in several provinces, the friend, a lawyer, said by telephone. His application, he said, was filed Saturday—the fifth anniversary of the crushing of the pro-democracy movement in 1989.

It was the second such protest to mark the crackdown, which according to official count claimed 300 lives. Human rights organisations and independent observers say the true toll was several thousand, and estimate that several hundred demonstrators remain behind bars. In Beijing, a dissident teacher, Ding Zilin, and her husband began a 48-hour hunger strike on Thursday to protest at weeks-long police harassment. The couple's 17-year-old son was killed in 1989.

Bao, 31, has been under round-the-clock police surveillance since early May. At least five other dissidents have been detained by the Shanghai authorities, and they, like Bao, have had their phones cut off.

Police have thrown a security net around Beijing, especially in Tiananmen Square and the university district, which was a hotbed of unrest in 1989, in order to forestall any show of discontent on the anniversary.

Prominent dissidents in the capital who have not been rounded up have been told to leave the city until the anniversary is over.

Bao Tong's Family Bemoans Harsh Treatment

HK0406050094 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 94 p 8

[By Bao Pu]

[Text] Five years after the Tiananmen Square crackdown, many Chinese live in enforced silence. They suffer helplessly and are consumed with anger and dismay.

My father, Bao Tong, was arrested suddenly on May 28, 1989, in connection with the student movement that spring. Still in prison, his health is being ruined by these years of solitary confinement. Our family endures endless worry and constant fear.

Before his incarceration, Bao Tong was Director of the Central Research Institute for Political Reform and a senior adviser to the then party general secretary, Zhao

Ziyang. Their plans for political reform included separating the powers of party and state, setting up a fair civil service policy, and promoting democratic procedures in the Government.

But by 1989, after two years of quiet work, Bao Tong's plans for political reform had become virtually impossible to pursue due to enormous resistance from the threatened old guard. That spring, when the conservatives in the government used the student demonstrations to prepare to oust the reformers, Bao Tong, along with Mr Zhao, attempted to protect the fragile future of political reform and also avoid what they knew could be a bloody crackdown on the movement.

When the situation intensified and ultimate bloodshed seemed unavoidable, Mr Zhao resigned. Later, Mr Zhao was denounced for "supporting the turmoil" and "splitting the party." But Bao took the blame as the key person behind the unrest, he was formally arrested, accused of "counterrevolutionary incitement," and finally sentenced to seven years' imprisonment. His institute was dismantled and political reform in China came to a halt.

The efforts of those who attempted to reform the existing system were crushed in their efforts to elevate the rights of the Chinese citizen.

The June 4 crackdown, the imprisonment of Bao Tong, and the continuous political repression are not only attacks to crush political dissent but also attacks on a fragile idea, the recognition of personal dignity, which is just beginning to take root in the minds of the Chinese people.

In the past, lack of respect for individual lives has led the Chinese people into numerous catastrophes: Horrors created by senseless political campaigns. The Great Leap Forward, the People's Communes, and the Cultural Revolution all ended in massive devastation.

Decisions made by the Chinese leadership in the 1990's have continued to reveal a disregard for the individual. Plans to displace millions of people for the building of a dam are made with no attempt to gain the support of those whose lives would be disrupted. Government bonds are frequently given to employees in place of wages. The coastal belt and some urban areas receive privileged development conditions while the rural populations in interior provinces have been left out.

These are all potentially volatile situations and if they accumulate over time the likelihood of disaster increases.

It is unreasonable for Americans to depend on an institution such as business, whose bottom line is profit, to be the major driving force for promoting lofty principles in China. Yet, business itself may be increasingly frustrated by the system of coercion and autocracy that remains in China. The nation's already rampant corruption is likely to worsen, as there is nothing to inhibit its flourishing.

China has always fallen into dynastic cycles of the establishment of an autocratic regime, corruption and oppression, and finally internal rebellion. The longer the oppression, the more violent the revolt. The economic boom today can be overturned overnight in this unstable system of totalitarianism. Patriarch Deng Xiaoping's death followed by a power struggle could release the pent-up dissatisfaction of the people.

Ideas of respect for the individual need to be promoted at all levels of Chinese society, or the dynastic cycle will continue to take its course. Above all, to respect all human lives, to be concerned with human suffering: That is what the June 4 movement and human rights are all about.

Workers' Protests Reportedly Widespread

HK0306135994 Hong Kong CHENG MING in Chinese No 200, 1 Jun 94 pp 9-10

[By staff reporters Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "'The Enemy's Presence' Is Discovered in 17 Provinces and 33 Cities"]

[Text] Recently, CPC leaders repeatedly emphasized stability and more efforts were made to keep watch on dissidents' activities. The reason may be found from the following report.

At 1800 on 20 May, the State Council General Office and the State Council Leading Group in Charge of Public Order called a telephone conference of leading party and government cadres in charge of public security, state security, and the armed police in various provinces, autonomous regions, and municipalities to report on social and political developments and public order throughout the country since the beginning of May.

Organized "Subversive Activities" Have Arisen in 17 Provinces and 33 Cities

As revealed at the conference, organized hostile underground activities of incitation which established ties to subvert the social system and the people's government arose in 33 cities and seven prefectures and districts in 17 provinces, autonomous regions, and municipalities throughout the country and, in particular, the situations were more serious in 12 cities and three districts in seven provinces, autonomous regions, and municipalities, comprising Sichuan Province, Shaanxi Province, Shanxi Province, Hubei Province, Xinjiang Uygur Autonomous Region, Liaoning Province, Beijing, Chengdu, Chongqing, Xian, Taiyuan, Urumqi, Wuhan, Yining, Yanan, Shenyang, Anshan, Dalian, Yichang, and three districts of the Beijing Municipality.

Also disclosed at the conference were many instances of snipers firing shots at soldiers and policemen on the outskirts of Wuhan, Xian, Chengdu, and Beijing. On the three days of 3, 8, and 12 May, nine such incidents occurred, causing 11 casualties and five explosions.

Party Members and Three Types of Persons in the Cultural Revolution in "Extremist Organizations"

It was also reported that a handful of foreign-invested organizations in the mainland had taken part in or were used for hostile and illegal activities, including transmitting by facsimile instigating and offensive propaganda material to party and government departments and making anonymous phone calls to carry out activities of interference and sabotage. In a few areas, flaunting the banner of defending Marxism-Leninism-Mao Zedong Thought and taking advantage of problems existing and arising in the current process of construction and reform, underground organizations instigated cadres and the masses to slow down their work and go on strike and organized activities to overturn existing policies. They made open appeals to party members to step forward bravely to "rescue our party" and of "down with the old-line capitalist-advocate Deng Xiaoping." Party members and three types of persons in the Cultural Revolution were in these "extremist organizations."

The conference urged party committees and departments concerned at all levels to stand fast at their posts, remain vigilant, face up to grimmer struggles which may arise, and smash and crack down on, without showing any mercy, organized sabotage and activities carried out by hostile forces.

Petitions and Protests by Workers and Staff in 19 Cities

On the eve of the fifth anniversary of the democratic movement in 1989, the whole country is on the highest alert and the CPC keeps on arresting dissidents. But in the latter half of last April, workers and staff from mines, enterprises, and units in 19 cities "illegally" assembled and lodged petitions and protests, and marches in which over 1,000 people took part broke out in eight cities.

The 19 cities were: Shijiazhuang, Harbin, Qiqihar, Anshan, Xining, Baoji, Chongqing, Chengdu, Hefei, Taiyuan, Shenyang, Lanzhou, Xian, Urumqi, Changsha, Harbin, Zhangjiang, Guiyang, and Nanchang.

The eight cities in which marches broke out were: Harbin, Anshan, Baoji, Urumqi, Nanchang, Xining, Chongqing, and Lanzhou.

Over 5,000 Workers of Anshan Iron and Steel Works March in the Street

In the latter half of last April, over 5,000 workers and staff in the iron and steel capital Anshan (most were workers and staff of Anshan Iron and Steel Works) took 120 cars to march around the urban district and shouted such slogans as "workers as the masters of the state," "protecting workers' class interests," "down with the newborn bourgeoisie," "yes to socialism, no to capitalism," and "long live the working class." The march went on for more than three hours.

Baoji City Government Is Forced To Accept Workers and Staff's Demands

In Baoji City, Shaanxi Province, over 2,000 railway, engineering, and metallurgical workers and staff assembled and held a demonstration in front of the city federation of trade unions building to oppose cutting down staff and abolishing medical benefits and ask for the granting of education allowances to children of workers and staff. Finally, the city government was forced to agree that staff would not be reduced this year and that all benefits would be kept unchanged. The marchers shouted "long live workers' unity" and sang the song "Unity Is Strength," and they even bought drinks from shops to celebrate.

Over 2,000 People Marched in Urumqi

Over 1,000 and over 2,000 people assembled and marched in Urumqi, capital of Xinjiang Uygur Autonomous Region, on 26 and 28 April respectively. Marchers assembled at the People's Park, Nanmen Stadium, and the railway station and then went to the People's Square. The autonomous regional party committee and the regional government organized nearly 2,000 cadres to "dissuade" the marchers from going while stressing that "everything can be discussed and solved." However, more than 800 people still gathered at the People's Square to urge the government to protect the working class's interests, curb inflation, and crack down on corrupt bureaucrats. Some of the marchers even shouted the separatist slogan of "long live Xinjiangstan."

A Marching Group of Workers Is Intercepted by Public Security Personnel and Armed Policemen in Lanzhou City

In Lanzhou City, capital of Gansu Province, over 2,000 workers and staff from petroleum and chemical plants and woolen mills assembled at the Baitashan Park, and then proceeded to the provincial government building by car or on foot. Public security personnel, armed policemen, unit cadres, and militiamen were dispatched by the authorities to intercept the marchers on the way.

Enterprise Cadres in Xining Support Workers' Demonstrations

In Xining City, capital of Qinghai Province, more than 1,000 woolen workers and staff went on strike and marched on the street. They marched down Dongguan Avenue, Xiguan Avenue, and Xinning Road and then assembled in the People's Park. The wool-spinning industry is always the key industry of Xining City and there are nearly 20 woolen mills with a large scale of production. The cost of raw materials has kept on increasing year after year. It increased by 230 percent from 1985 to 1992 and by another 40 percent in 1993, but the selling price only increased by 180 percent. In 1994, the higher authorities decided to raise the price of woolen material by 62 percent. Therefore, 12 major workers' demonstrations have broken out since the

beginning of this year, and some were supported by party and government cadres in the enterprises.

The Authorities Dared Not Rashly Put Down Workers' Demonstrations

Faced with the turbulent wave of workers' demonstrations which had spread to 10 cities in the North-east, the North, the Northwest, the Central South, and the East, the CPC formulated and issued the "Decision on Using Weapons While on Patrol and Performing Duties" and even promulgated a nationwide alert order, yet they dared not rashly use force and there was no bloodshed. It seems that the CPC authorities understood that it was unwise to resort to high-handed means, so they could only beg the "official trade unions" for help.

The CPC Strengthens the Work of the "Official Trade Unions"

On 6 May, Wei Jianxing, member of the CPC Central Committee's Political Bureau and the CPC Central Committee's Secretariat and president of the All-China Federation of Trade Unions, issued a warning at the national work meeting attended by chairmen of trade union federations in various provinces, autonomous regions, and municipalities throughout the country: We must strengthen our party's leadership over trade unions; give play to the vanguard role of trade union federations at all levels through organization, propaganda, and concrete work; and train trade union cadres from among party members and workers and staff who have a firm political stand, a mass foundation, and considerable prestige and working ability. This is the central task of the present organizational work. We must train new blood for our party and build up a key force, a contingent of veteran and advanced producers, and a contingent of grass-roots cadres and militiamen. Wei Jianxing said: We must adopt organizational measures to reverse the slackened situation existing in trade unions at all levels. Some trade unions have become rear-service and welfare departments; some have become the mouthpiece for making unreasonable demands on our party and our government; and a handful of them are under the control of evildoers and have played a part in instigating workers and staff to make trouble, go on strike, lodge petitions, or even establish illegal organizations and make illegal appointments to make rival claims as equals of our party and our government.

Chairmanship of First-Grade Trade Unions Must Be Assumed by Members of Party Committee Standing Committees at the Same Levels

On the night of 6 May, Jiang Zemin said while meeting with leading trade union cadres from all provinces: As far as socialist construction and deepening of reform is concerned, the working class is always the principal force. To score a victory in the cause of socialist construction and revolution, we must rely on the working class and give play to the leading role of the working class.

On 9 May, the CPC Central Committee Secretariat issued a circular on "Strengthening the Leadership of Trade Unions at All Levels" to party committees at the provincial level. The circular stipulated that the chairmanship of first-grade trade unions at the provincial, prefectural, and city levels must be assumed by members of party committee standing committees or deputy secretaries of party committees at the same levels; that the chairmanship of trade unions of various large mines, enterprises, and units must be concurrently assumed by members of party committee standing committees or deputy secretaries of party committees; that vice chairmen of trade unions can attend meetings of party committee standing committees; and that party committee standing committees must place the trade union work at the top of the agenda.

The matter is very clear. The CPC wants to work through its "official trade unions" to control the contingent of workers and staff and suppress the workers' movement and the democratic movement. But the question is: As the CPC—the "vanguard of the working class"—has lost its credibility, what capabilities do its official organs still have?

Li Peng Handles Inner Mongolia 'Disturbance'

HK0306130294 Hong Kong CHENG MING in Chinese No 200, 1 Jun 94 pp 24-25

[Article by Yu Feng (0205 7364): "A Serious Incident in Inner Mongolia—4,000 Cadres Create a Disturbance"]

[Text] On 30 April, Li Peng stopped over in Inner Mongolia Autonomous Region for four days after returning home from his visit to Central Asia in order to handle an incident—cadres from 31 departments and commissions of the autonomous regional government planned to travel by train to Beijing on 3 May to present a petition.

The incident began in early April. Cadres of the party committees of the institutions directly subordinate to the regional government, the civil affairs department, the transportation department, and the cultural department of the regional government jointly signed a petition which demanded: 1) immediate measures to curb inflation; 2) a stop to purchasing cars and distributing luxurious houses; 3) immediate increases in allowances to grass-roots cadres and retired cadres in order to guarantee their living standards; 4) making public the investigation and handling of the corrupt officials and abusers of power in the party and government leading bodies of the autonomous region in order to redress the grievances of the general public. The regional party committee and the regional government held nine rounds of talks with the representatives of the cadres, but the talks achieved no result. On 26 April, the regional government issued a three-point statement: 1) The petitioning cadres and workers were instigated by some evildoers among their representatives to challenge the authority of the party committee and the regional government. 2) Some people

with ulterior motives were trying to create a disturbance in order to disrupt the party's central work and harm social stability and unity. 3) The autonomous regional government would take necessary administrative measures to deal with the incident, and might take legal action if necessary.

On 27 April, the representatives of cadres and workers from a number of regional departments met with some leaders of the regional government. Then, the general office of the regional government issued an ultimatum, demanding that all personnel immediately return to their work posts in various departments and fulfill their own duties; otherwise, disciplinary action would be taken against them. On 28 April, cadres in 23 departments and commissions resisted the order by means of asking for sick leave and making business trips to other places. Nearly 800 cadres participated in the petition action in the form of a go-slow. Then, cadres in the governments of Baotou City, Jining City, and Hailar City also became involved in the action. The CPC Central Secretariat and the State Council sent Wei Jianxing and Luo Gan to handle the incident in Hohhot on behalf of the central authorities. In view of the seriousness of the incident, the central authorities and the regional authorities organized 15 work teams to go to various regional departments, Baotou City, Jining City, and Hailar City.

On the evening of 30 April, Li Peng attended a meeting of party and government cadres in the autonomous region, and gave a five-point instruction:

1. The members of the standing committee of the regional party committee, the members of the regional party committee, and the responsible officials of the regional government should go down deeply into various localities and departments to solve the urgent problems without delay and explain the government's measures. They must overcome the bureaucratic style of work and should not coerce their subordinates into submission.
2. It is necessary to increase communications between the upper authorities and subordinates, between various party and government institutions, and between cadres and the masses in order to create a relaxed and harmonious atmosphere that is beneficial to the party's central work and to the consolidation and development of the stable political situation and social environment.
3. It is necessary to rectify the party organizations in order to bring their leading and exemplary role into better play and to arouse their initiative in fully implementing the party's policies and measures.
4. It is necessary to care about the working, living, and welfare conditions of cadres. Leading officials and leading bodies must not become privileged, and they should always subject themselves to supervision by the discipline inspection commission, the supervision department, and the people's congress at the same level. They must not retaliate against other people who criticize them. Subordinates and the masses have the right to

make complaints, file appeals, lodge petitions, and propose the dismissal of incompetent leaders.

5. Resolute action should be taken to ban and crack down on illegal underground organizations and hostile organizations supported by external forces.

On 2 and 3 May, Li Peng met with cadres and mass representatives from some regional departments. The cadres demanded that the leading bodies of the regional party committee and the regional government be reorganized, and the secretary of the regional party committee be dismissed from office.

Reportedly, the central authorities instructed the regional authorities of Inner Mongolia to mitigate their contradictions with the departmental cadres in order to prevent the infiltration of external hostile forces.

The incident was characterized by the involvement of cadres in various party and government departments at the regional and city levels, and such institutions involved in the incident numbered more than 120. Over 4,000 cadres participated in the petitioning action, more than 3,700 of them being CPC members, including some departmental chiefs. This was the first event of this nature since the CPC regime was set up.

This was also the first protest action to take place in the "backyard" of a provincial government. There was a certain degree of inevitability. The July issue of TUNG HSIANG [TRENDS] in 1992 carried a report about the undercurrents in Inner Mongolia. If CPC rule is a combination of Stalin-style fascist dictatorship and traditional feudal autocracy, then its rule in Inner Mongolia bears a stronger color of Oriental feudal autocracy. In the past, Inner Mongolia was always ruled by a number of feudal lords, and the Mongolian people never ceased their resistance against the rule of the feudal lords. In the 1920's, Mongolian hero Gadameilin led a popular uprising, and his deeds were always on everybody's lips in Inner Mongolia. Uranfu, the representative of CPC rule in Inner Mongolia, was in fact the greatest feudal lord in the territory; and the people there called him a "fiend in human form." He led an extravagant and dissipated life, like Kim Il-song in North Korea. In Inner Mongolia, Uranfu also pursued the hereditary system. In the 1950's, he appointed his son, Buhe, director of the regional cultural department and appointed his daughter-in-law, Zhulan Qiqi, who played the main part in a film in the 1950's, leader of the broadcast, television, and film department. The young lord Buhe long since succeeded his father as the supreme feudal ruler in Inner Mongolia (he was once concurrently secretary of the regional party committee and chairman of the regional government). The privileges he enjoyed in Inner Mongolia were greater than those of principal leaders in any other province. He was greedier and more cruel than any lord in history, and was an out-and-out local tyrant. Of the four demands of the petitioners, two were related to their economic interests (curbing inflation and increasing allowances), and the other two were aimed at

the privileges of local leaders. The targets of the struggle were quite similar to those of the 1989 pro-democracy movement in Tiananmen Square. For example, the petitioners called for stopping the purchase of cars and the distribution of luxurious houses, and investigating and punishing corrupt officials and power abusers. In particular, as the petitioners included a number of department chiefs, their struggle was obvious spear-headed against leaders at the higher level. They even required Li Peng to reorganize the leading bodies of the regional party committee and the regional government and to dismiss the secretary of the regional party committee. This showed that the flames of fury among the people in Inner Mongolia, like their ancestors led by Gadameilin, have been burning up to the heads of local tyrant Buhe and his clan.

Li Peng Chairs State Council Executive Meeting

OW0406081694 Beijing XINHUA Domestic Service in Chinese 1136 GMT 3 Jun 94

[Text] Beijing, 3 Jun (XINHUA)—Today, State Council Premier Li Peng presided over the State Council's 20th Executive Meeting, which discussed and approved in principle the "PRC Law on the People's Bank of China [PBOC] (Draft)" and the "PRC Auditing Law (Draft)."

The meeting believed that the "PRC Law on the PBOC (Draft)" was formulated to define the PBOC's status and functions, ensure the scientific and authoritative formulation and implementation of monetary policies, strengthen the banking sector's supervision and management, and establish and improve the central bank's macroeconomic regulation and control system. The draft law contains eight chapters that include 46 articles covering such areas as the character and status of the PBOC, its organization, Renminbi, business operations, supervision and management of the banking sector, and business accounting.

The meeting believed it is very necessary to formulate the "PRC Auditing Law (Draft)" to improve the auditing and supervision of state revenues and expenditures and of the financial revenues and expenditures related to state-owned assets, increase economic returns, maintain China's financial and economic order, and guarantee healthy national economic development. The draft law contains seven chapters that include 47 articles covering such areas as the principles of China's auditing and supervision system, auditing organs and their personnel, auditing organs' duties and functions, limits of their authority, auditing procedures, and legal liabilities.

After further revisions, the State Council will submit the two draft laws approved in principle by the meeting to the National People's Congress Standing Committee for deliberation.

Li Lanqing Inspects Hubei, Urges Reform of Colleges

OW0506132794 Beijing Central Television Program One Network in Mandarin 1100 GMT 3 Jun 94

[Video report by "reporters" identified by caption as Cai Wenxiang (5591 2429 4382) and Liu Gang (0491 0474); from the "National News Hookup" program]

[Text] While inspecting Hubei 28 May-2 June, Li Lanqing, CFC Central Committee Political Bureau member and vice premier of the State Council, said: Our country is a developing country, and it has to run the world's largest educational system. It faces a lot of difficulties in this respect. Governments at all levels should gradually increase their investment in education. However, the fundamental way out is through reform. [Video begins with long shots of Li Lanqing walking in front of a group of unidentified people in civilian clothing]

At a discussion meeting with responsible people of institutions of higher learning in Wuhan, Li Lanqing pointed out: The goals of reforming institutions of higher learning are to improve the quality of teaching and our efficiency in running the institutions. We should adapt to the needs of the socialist market economy, and fully and rationally utilize existing human and material resources and facilities. We should not duplicate things that are small and all-inclusive but of low quality. We should promote many and varied joint efforts to run the institutions. The highest form of such joint efforts is the merger of various institutions of higher learning. We can also use various other forms of joint efforts to run the institutions.

Li Lanqing also said emphatically: Joint efforts to run institutions of higher learning should be conducted step-by-step and in a safe and sure manner. We should not promote formalism but should stress actual results when conducting such efforts. He asked leading party and government comrades to squeeze in some time to take a look around schools, talk to people there, and brief these people about relevant situations. [Video shows medium long shots of Li Lanqing with a group of unidentified people in a room equipped with a computer work station and some other unidentified box-shaped equipment]

Chen Muhua Discusses 'White Paper' on Women

OW0306134494 Beijing XINHUA in English 1325 GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—A new white paper about women in China was published to enable the world to acquire a better understanding of women's conditions in China, a Chinese leader said here today.

It was also done to promote the development of women all over the world, said Chen Muhua, vice-chairwoman of the Standing Committee of the National People's Congress (NPC) and president of the All-China Women's Federation.

She was answering questions on the white paper entitled "Situation of Chinese Women".

"The world has become more concerned about conditions of Chinese women as the world conference on women will be held in Beijing, capital of China, in 1995," she said.

Through facts and figures, the white paper reviewed the historic liberation of Chinese women in the course of the new democratic revolution and the socialist revolution under the leadership of the Communist Party of China, as well as their status and role under the socialist system.

Chen said that the policy of reform and opening to the world, and the process of building socialist market economy, set a higher demand on Chinese women while bringing their intelligence into full play.

Chen called for women all over China to enhance their qualities and to adhere to the slogan of "four selfs"—self-respect, self-confidence, self-reliance and self-strengthening.

She suggested that the government should provide more opportunities for women to engage in administering national, government and social affairs.

On the preparation for the world conference, she said China attached great importance to the conference and would do its best to ensure its success.

She recalled that an organizing committee was set up in 1992. Its 31 constituent bodies include relevant departments of the State Council, Beijing municipal government and the press.

The conference hall has been fixed and all the preparations are under way.

Peng Peiyun Addresses National Meeting on 1995 Census

OW0406041194 Beijing XINHUA Domestic Service in Chinese 1149 GMT 2 Jun 94

[Text] Beijing, 2 Jun (XINHUA)—The national joint conference on sample surveying one percent of China's total population held its first meeting in Beijing on 2 June.

State Councillor Peng Peiyun chaired and spoke at the meeting. She stressed: The holding of the meeting indicated that the work on sample surveying one percent of China's total population in 1995 has begun in an all-around manner. It will be another large-scale survey on China's national conditions and strength since the fourth national census held in 1990. The survey will enable us to further understand changed conditions in the quantity, regional distribution, basic composition, and housing environment of China's population. It will provide a basis for China to form long-term population-control targets and to improve responsive measures. It

will also provide comprehensive and accurate information on China's population for China to develop the socialist market economy. In March, the State Council General Office distributed the "Circular on Sample Surveying One Percent of China's Total Population in 1995" to its subordinate organs. We hope governments at various levels, particularly localities that are chosen to be surveyed, will pay close attention to the survey and strengthen their leadership over the work. Various relevant departments should closely coordinate with one another and make their greatest efforts to properly accomplish the population-surveying task.

The survey will be conducted on 12 million people who are sampled and chosen from various provinces, autonomous regions, and municipalities across China. The survey will mainly collect information on the basic conditions, economic activities, culture, education, marriages, births, migration, and housing conditions of China's population. The on-the-spot survey will be carried out in October 1995, and the results' main data will be published in January 1996.

Attending the meeting were Zhang Sai, director of the State Statistical Bureau, and leaders of other relevant ministries and commissions.

Domestic Northwest Airlines Flight Crashes Near Xian

Crash 'Under Investigation'

OW0606100994 Beijing XINHUA in English 0930 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—A China Northwest Airlines passenger plane crashed early today near Xian, capital city of Shaanxi Province.

An official from the Civil Aviation Administration of China (CAAC) revealed that the Tu-154 passenger plane, on flight WH-2303 from Xian to Guangzhou, took off from Xianyang Airport at 8:12 a.m. [0012 GMT] and crashed at 8:20 a.m. [0020 GMT] near Mingdu township of Chang'an county in the same province.

The official said that 146 passengers and 14 crew members were on board, including nine foreigners and one Hong Kong resident.

Vice-Premier Zou Jiahua and leading officials of CAAC have flown to the accident site.

The crash is now under investigation.

One Survivor Reported

OW0606091594 Tokyo KYODO in English 0903 GMT 6 Jun 94

[Text] Beijing, June 6 KYODO—A China Northwest Airlines passenger plane with 159 on board crashed in Xian, Shaanxi Province, on Monday [5 June] morning

with early reports indicating that only one passenger survived, officials in Xian said.

The Russian-built Tupolev-154 plane bound for the southern city of Guangzhou crashed some eight minutes after taking off at 8:20 A.M. Local time, said an official at the Civil Aviation Administration of China (CAAC).

According to officials from the Xian emergency center, by noon some 50 to 60 bodies had been pulled from the wreckage and "there was little hope for more survivors."

So far one survivor has been found and is in critical condition, the official said. Searchers have also identified one passenger as a "European."

The officials refused to speculate on the cause of the crash and said there was no evidence of an explosion.

Flight WH 2303 carried 13 crew members and 146 passengers, with at least four of the passengers being foreigners, the CAAC official said.

In 1993, five airplanes crashed in China killing 76 people, and eight planes were hijacked. The crash Monday was the first in China this year.

CAAC replaced its director in January due to the poor safety record of China's airline companies.

Xian's new airport was built in 1991 and is located some 50 kilometers northwest of the city, which is a popular tourist destination.

Japanese Foreign Ministry officials in Tokyo said there were apparently no Japanese passengers among the 159 people aboard the Chinese Northwest Airlines plane which crashed Monday morning in Xian.

According to reports reaching the Japanese Embassy in China and the Japanese Consulate General in Guangzhou, there were no names that appeared to be Japanese on the list of passengers, the officials said.

But since some Japanese and Chinese names are similar, the embassy is still trying to confirm whether there were actually no Japanese aboard, they said.

Foreigners Said Among Dead

HK0606060694 Hong Kong AFP in English 0547 GMT 6 Jun 94

[Text] Beijing, June 6 (AFP)—A Chinese Northwest Airlines plane carrying 159 people crashed Monday morning near the central tourist city of Xian, a spokesman from the Civil Aviation Administration of China said.

Domestic flight WH2303 from Xian in Shaanxi province to Guangzhou in southern Guangdong province took off at 8:12 a.m. (0012 GMT) and lost radio contact with Xian airport eight minutes later, the official said.

The plane was carrying 13 crew and 146 passengers, including foreigners, he said.

According to aviation sources in Guangzhou, all passengers aboard the Soviet-built plane were killed.

Order 'Restored' to Great Wall Tourist Attraction

OW0406013894 Beijing XINHUA in English 0111 GMT 4 Jun 94

[Text] Beijing, June 4 (XINHUA)—Order has been restored to a renowned Great Wall tourist spot near Beijing through measures taken by the municipal government in the past two months.

Police said that no extortion or racketeering cases had been reported at the Badaling section of the Great Wall, a drive of about 90 minutes from the city centre, since the end of April. Forced sales had evidently decreased.

Since the beginning of the year, the famous tourist site had been plagued by cases of forced sales, extortion and racketeering. The victims were Chinese and overseas tourists, and sometimes even foreign diplomatic personnel could not escape, according to police sources.

As a result, normal tourist order disappeared, and the number of visitors to that site declined.

Concentrated efforts were made from late April. A team of 300 people, from police departments, industrial and commercial administration departments and city order departments, regularly and persistently inspected the area, achieving remarkable success.

Seven illegal vendors were detained. The stock of four stalls near the wall was confiscated and they were banned from trading for two months. Confiscated goods and fines totalled 31,000 yuan.

In addition, education courses were given to vendors at the site and farmers around the area.

Police said they have improved telecommunications and transport equipment for the site. Police and industrial and commercial departments extended their own daily duty times by an hour.

The Badaling section of the Great Wall, which in 1991 was listed as a world top heritage site by the United Nations, stretches along 3.7 km. More than five million tourists visited the site last year.

Journal Views Deng's Strategy for Border Areas

HK0506013594 Beijing QIUSHI in Chinese No 9, 1 May 94 pp 33-35

[By Ma Biao (7456 7374) of the Guangxi Provincial Commission on Economic Restructuring: "Deng Xiaoping's Idea on Building Special Economic Zones and His Strategy on Opening Border Areas to the Outside World"]

I. The Great Significance of Practicing the Strategy of Opening Border Areas to the Outside World

Comrade Deng Xiaoping's idea of building special economic zones [SEZs] constitutes an important part of his own theory on building socialism with Chinese characteristics. Under the guidance of his idea, China's SEZs, acting as the country's "windows" to the outside world, have played a "vanguard" role in reform and opening up, thus giving a tremendous impetus to the process of reform and opening up throughout the entire country. Through the practice of reform between the 1980's and the early 90's, a multilevel, multiform, and omnidirectional new setup of opening up has taken shape, featuring the pattern of SEZs—coastal open cities—coastal open economic zones—inland and border areas. This new setup is the outcome, and also a concrete embodiment, of Deng Xiaoping's idea on building SEZs in practice. Moreover, it is of great significance to our efforts to bring a sustained, rapid, and healthy development to China's national economy and to fulfill China's second-step strategy on building socialist modernization.

Along China's 22,000 km border, most regions are inhabited by ethnic minority nationalities. Practicing the strategy of opening border areas to the outside world is the continuance and an inevitable outcome of applying in practice Deng Xiaoping's idea on building SEZs; it is also an objective requirement for us to help ethnic minority regions extricate themselves from poverty, narrow the gap between the economically advanced and less advanced regions, and bring joint development and common prosperity to all nationalities in our country. Practicing the strategy of opening up border areas and further expanding border trade with neighboring countries is a major change in the economic development pattern of China's border areas. It also serves as an important way by which China's ethnic minority regions can expand their economic and technological exchanges and cooperation with other parts of the country and the world, allocate major means of production in a more rational way, improve their economic performance, enhance their ability to compete in international and regional commodity exchanges, and bring an overall development to their economy. China's accomplishments in both the opening of coastal areas and the opening of border areas, which are complementary to each other, have added a new chapter to the annals of reform and opening up and further enriched Deng Xiaoping's idea on building SEZs.

Deng Xiaoping pointed out as early as 1984: "Special zones serve as windows for the introduction of technology, management, and knowledge; and also as windows for applying our foreign-related policies. From special zones, we can introduce technology and knowledge from abroad and learn and master management skills. Management is also knowledge." (Footnote 1) (*Selected Works of Deng Xiaoping*, Vol 3, pp 51-52) This celebrated thesis has already been proved correct in the pioneering development of SEZs and coastal open areas and can thus serve as important guidance for the opening up of border areas. The move to turn open border areas into windows for the introduction of foreign technology

will surely give a tremendous impetus to the development of inland and border areas in their efforts to establish lateral ties with other domestic areas and expand their contacts with foreign countries. The introduction of advanced technologies from foreign countries is beneficial to transforming existing traditional industries and products, developing new technologies and products, improving the technical level and the quality of products in enterprises, and to building up advantageous and export-oriented industries which enjoy a better ability to cooperate with other industries, cope with contingencies, and to survive in competition. Moreover, through the introduction of foreign advanced technologies, we can upgrade the exploration for natural resources and comprehensively turn the potential advantages of border ethnic regions in natural resources into practical economic advantages; push forward the technical progress of border areas; and subsequently accelerate the rate of border areas in establishing lateral economic and technological ties with other parts of the country, thus giving form to a new-type regional economic relationship under which border areas, inland areas, and coastal areas supplement and help each other on a mutually beneficial basis with a view to bringing about joint development and common prosperity. Meanwhile, the move to turn open border areas into windows for the introduction of management skills can surely accelerate and deepen the economic structural reform of inland and border areas. In the light of their realistic conditions and in accordance with the requirement to establish a socialist market economic structure, border areas can learn from and use for reference the successful experience of advanced countries in managing the socialized general production and in developing the market economy with a view to transforming their economic structure. The move to turn open border areas into windows for introducing knowledge will undoubtedly promote the building of the two civilizations in inland and border areas on a comprehensive scale.

Through these windows, border areas can obtain timely information on the latest developments in technology, market, capital, and human resources in both neighboring countries and the whole world; acquaint themselves with the usual economic practices in foreign countries; learn and master knowledge about international trade and banking; nurture a large number of talents in all fields who are familiar with international economic activities; and bring the markets in border areas well in line with both the markets in neighboring countries and the international market. The move to turn open border areas into windows for applying foreign-related policies will certainly enable inland and border areas to exert a greater influence on their neighboring countries and regions. Practicing the policy of opening border areas to the outside world is beneficial to: Bringing into better play the advantages of border areas in regional development and natural resources, thus enabling border areas to have a greater appeal to neighboring countries and regions; carrying forward the historical tradition of China's border areas to keep

contact and do business with different nationalities in neighboring countries and regions, thus augmenting their friendship with the peoples of neighboring countries and promoting the economic and technological exchanges and cooperation among them; and beneficial to making China's border areas more complementary to neighboring countries in terms of industrial structure, product mix, and natural resources, thus rejuvenating the border economy. As a result, border areas will eventually serve as windows to the outside world showing that China has become economically stronger and richer and is enjoying a sound social order and a general unity among all nationalities. In this way, China's influence and status in the international community can be enhanced immensely.

In short, the strategy of opening border areas to the outside world is a continuance of Deng Xiaoping's idea on building SEZs in the practice of reform and opening up. So long as they further use for reference and assimilate the successful experiences gained by SEZs and coastal open areas, emancipate their minds, make bolder explorations, and open up new paths, China's inland and border areas can surely extricate themselves from the current economic, technological, and cultural backwardness; "gain dominance as newcomers"; and advance both the economic development and the living standards of their people to a new level.

II. Current Basic Development Trends in China's Open Border Areas

The current domestic and international political and economic situations are truly favorable to our efforts to accelerate the implementation of the strategy on opening border areas to the outside world. Faced with such a rare opportunity to bring a comprehensive development to China's inland and border areas, we must enhance the sense of urgency in opening up border areas, seize this favorable opportunity, and speed up the pace of opening border areas to the outside world.

To successfully implement the strategy of opening up border areas and keep abreast of the basic development trends in border areas, we must acquire a correct understanding of the regional features, development phases, and trading characteristics of China's inland and border areas. There are altogether 143 border counties (cities) in China's inland and border areas, which border on 15 neighboring countries. Alongside the in-depth development of China's reform and opening up over recent years, the State Council approved in 1984 the "Provisional Management Regulations on Small-Volume Border Trade Transactions," which was issued by the Chinese Ministry of Foreign Relations and Trade, and decided, in 1992, to list four more border cities as open cities, namely, Heihe and Suifenghe in Heilongjiang Province, Yunchun in Jilin Province, and Manzhouli in Inner Mongolia. After that, a number of border cities and counties were opened to the outside world in turn, including Pingxiang City and Dongxing Town in Guangxi Province; Hekou County, Wanding City, and

Ruili County in Yunnan Province; Yining City, Tacheng City, and Bole City in Xinjiang; and Erenhot City in Inner Mongolia. In addition, preferential policies originally designed for coastal open cities were applied to a number of provincial (regional) capital cities, such as Nanning, Kunming, Urumqi, Huhhot, Changchun, and Harbin. This is a major step which China has taken to accelerate the pace of reform and opening up and marks the beginning of a new development phase for China's drive to open up border areas.

At present, China has expanded its border trade with neighboring countries in terms of business patterns, levels, and scope and the economic cooperation between China and foreign countries is being carried out on a more extensive scale. China's current border trade with neighboring countries has the following special features: The volume of border trade has increased by a large margin, of which China enjoys a favorable balance of trade while foreign trading parties have adverse balances. While the border trade still relies mainly on local trade, small-volume transactions, and commodity exchanges among border residents, border areas have set out to develop a comprehensive exchange and cooperation in the economic, technological, and trading fields.

While the barter system still remains a dominant trading form in border trade, a financial market relying mainly on renminbi transactions has taken shape, both the labor and tourist markets have experienced fairly large growth, and the border trade is being carried out in diversified forms. In the past, the border trade mainly took the organizational structure of a nongovernmental trade; today, a simultaneous development has been registered in both the nongovernmental and official trade, the number of our trading partners is increasing on a constant basis, and the border trade is developing into a diversified transregional and transownership trading system. To promote their economic and trade relations with neighboring countries, all border provinces and regions have formulated a series of policies, rules, and regulations; as a result, the once chaotic border trade is moving toward a state of orderliness under the new environment of competition. Our neighboring countries, for their part, have also adopted a positive attitude in developing their border trade with us. They have worked out a series of policies, rules and regulations, and measures; and adopted more preferential policies, striving for a faster growth in their economies. A number of advanced countries in the West, including Japan, France, and the United States, as well as countries like Thailand and the regions of Hong Kong and Macao have also stepped up their efforts to play a bigger role in China's border trade with neighboring countries. Meanwhile, advanced areas inside the country, such as the coastal areas of Guangdong as well as the municipalities of Shanghai and Beijing, have made themselves more involved in border trade. All border areas have taken positive measures to preserve their specific regional advantages in competition.

III. A Tentative Plan on Implementing the Strategy of Opening Border Areas to the Outside World

The whole country, central and local authorities alike, has reached a consensus on the implementation of the strategy of opening up border areas. All provinces and autonomous regions along the border have also worked out their own policies and regulations guiding the development of the border trade. However, judging by the overall situation, an overall plan on how the strategy can be implemented remains to be formulated. Therefore, it has become a pressing matter of the moment to adapt ourselves to the objective needs of the new situation resulting from the opening of border areas and establish China's strategy of opening border areas to the outside world. The strategy of opening up border areas should embrace a guiding ideology, a strategic principle, major tasks, a strategic set-up, and key policies and measures.

The guiding ideology for the opening of border areas is as follows: In the light of the realistic conditions of China's inland and border areas, and in accordance with the requirements set out in the country's macroeconomic policies, we must make use of the current relaxed international political situation; vigorously bring into better play the geographical, resources, and economic complementary advantages of border areas; carry out the strategy of opening up border areas which aims at rejuvenating them and making their people rich; actively help border areas step up their economic, trade, and technological cooperation with neighboring countries; use opening up to promote reform and economic development; enhance the overall economic strength of border areas with a final aim of developing the productive forces; bring about a comprehensive development to the scientific and technological, cultural, and educational undertakings in border areas; strengthen border security and promote unity among all nationalities; and we must fulfill the second-step strategic goal of our modernization drive and bring about common progress and prosperity for all nationalities.

It is the strategic principle of the opening of border areas to regard the border trade as a breakthrough point, use trade as a guide, rely mainly on inland areas, focus our attention on economic and technological cooperation as well as on the markets of neighboring countries, and open up more international markets. To fulfill the goal of rejuvenating border areas and making their people rich, we will open border areas to the outside world in a comprehensive way; introduce foreign equipment, technology, and capital while establishing lateral ties with domestic enterprises; and bring about a regional association and integration between the eastern and western parts of the country, with a view to bringing about a comprehensive development.

The major tasks of the opening of border areas should include the following: We should readjust and optimize the industrial structure and the product mix in border areas; set up more production bases for exported commodities, and help border areas develop their own highly

competitive products for exports; expand the commodity, technology, and equipment exports from border areas; promote their exports of labor services; actively introduce from abroad scarce resources, supplies, and raw and semi-finished materials; improve the environment for investment; accelerate the market building and perfect the market system; and change the functions and roles of governments in border areas.

The strategic set-up for the opening of border areas requires us to further consolidate and perfect the opening belts along the southwest, northwest, and northeast borders, thus turning them into regional economic opening belts with their own specific features. While further strengthening and improving inland ports already approved by the central authorities, we must build up a number of new inland ports in selected locations in a planned way and enhance their fanning influence, giving shape to a new opening set-up under which the experience of selected units will be used to promote the work of the whole.

The key policies and measures guiding the opening of border areas should embrace the following: First, more preferential policies should be adopted. For example, we can set up processing zones for the export trade from inland and border areas, allow these zones to enjoy the preferential treatment originally designed for SEZs, and grant them greater decisionmaking powers as well as preferential policies in operation. Second, we need to further readjust the industrial structure and the product mix in border areas. Third, efforts should be taken, through various channels, to promote comprehensive exchanges and cooperation with neighboring countries in the fields of economy, technology, trade, and labor services. Fourth, advances need to be made to further change the operational mechanisms of state-owned enterprises in border areas and turn them into market-oriented enterprises. Moreover, we need to make rational readjustments to the organizational structure of medium and small enterprises, vigorously promote the nonstate-owned economies, and accelerate the development of township and town enterprises in border areas. Fifth, further efforts should be made to perfect the market system in border areas. Sixth, we must continue to reinforce and promote the lateral economic cooperative relations between the eastern and western parts of the country and further develop the economic and technological cooperation in border areas with both inland and coastal areas. Seventh, in line with the requirements to establish a socialist market economic structure and to open border areas to the outside world, we should actively explore ways to reform the investment, financial, banking, planning, circulation, and foreign trade structures in border areas.

Opening border areas to the outside world is the continuance and development of Deng Xiaoping's ideas on building SEZs in the practice of reform and opening up. Our current efforts to expedite the opening up of border area will undoubtedly turn the economy of China's

inland and border areas into a new force in China's economic development in the 1990's.

Army Paper Lauds Deng Adaptation of Marxism

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27 Apr 94 pp 1, 3

[Article by Shi Zhongquan (4258 0112 3123): "Great Radiance of Marxism in China Today"]

[Text] Abstract: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is Marxism for today's China. The most fundamental aspect of this theory is the answer it has provided to the question of what socialism is and how to build socialism in the present historical context.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is an important development of the basic theory of Marxism. This development mainly finds expression in the following aspects: 1) the theory of initial stage of socialism; 2) the theory of developing and emancipating the productive forces and the "three-beneficial" criteria with "the criterion of productive forces" at the core; 3) the theory of planned commodity economy of socialism and socialist market economy; and 4) the theory on the nature of socialism.

Comrade Deng Xiaoping has steadfast faith in socialism and puts all his mind on the socialist cause. He has put forward many new ideas for the purpose of better adhering to Marxism and adhering to the socialist orientation, emphasizing adherence to the socialist orientation not just in terms of the primal system but also in all his reform, opening up, and modernization policies.

The 14th CPC National Congress highly appraised Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as "the latest achievement in the integration of Marxism with China's reality and the Marxism in today's China." The Volume 3 of the *Selected Works of Deng Xiaoping*, as a historical record of the full-scale reform and opening up of our country and the enormous changes in the process of socialist modernization, actually reflects the process of founding, enriching, perfecting, and developing this Marxist theory of today's China based on the reform, opening up, and modernization. Understanding a great ideological theory often takes time. As we carry on studying the third volume of the *Selected Works of Deng Xiaoping* in greater depth, we will be able to perceive ever more keenly the great radiance of this Marxist theory in today's China. [end abstract]

I.

It has been nearly 80 years since scientific socialism evolved from theory to practice. In our country, it has been almost 40 years since the socialist system was established. Over the past decades, the orientation of our building socialism has been perfectly correct [wan quan zheng que 1346 0356 2973 4292] and we have made

great achievements and changed China's face. However, quite a number of errors have also been made and we have encountered setbacks and tribulations. The reasons are many. In a theoretical sense, a fundamental reason is the failure to be completely aware of or clear about the basic question of what Marxism is, what socialism is, and how to build socialism.

We are communists and have practiced socialism for many years and yet we have not clearly understood the question of what socialism is and how to build socialism. This seems hard to understand when one first hears it but, on thinking it over, one realizes that as far as our country is concerned, this is the very crux of the matter. Taking class struggle as the key link and failure to shift the focus of the party's work to energetically developing the productive forces over a long period of time made it impossible to put an end to the poverty in the people's livelihood. Can one say we had a clear understanding of this issue? Pursuing some economic and other policies over a long period of time beyond what was feasible in the respective historical phases restricted, and even seriously dampened, the enthusiasm in production of the broad masses of workers. Can one say we had a clear understanding of this issue? Obviously, our socialist practice in the past carried a certain subjectivity, one-sidedness, and blindness to a large extent. Comrade Deng Xiaoping once pointed out: "Today, though we are practicing socialism, in fact we are not up to it yet."

The argument that Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is Marxism in today's China can be proven from many angles. However, the most fundamental point is that he answered the question of what socialism is and how to build socialism in today's historical context. What is today's historical context? Since the 1970's, the historical context of this phase at least has the following three distinct features: First, peace and development have become the theme of our times. To boost the economy and improve livelihood has become the common aspiration of all peoples. Second, the scientific and technological revolution worldwide is moving ahead at lightning speed. The economy of some developed countries continues to prosper, further widening the "south-north" gap and putting some underdeveloped countries in a more disadvantageous position. Third, the rapid rise of the economy of some burgeoning industrialized nations and regions surrounding China has brought not only a rare opportunity but also a grim challenge and pressure on China in its development. After the Third Plenary Session of the 11th CPC Central Committee, while summing up our country's experience of successes and setbacks in practicing socialism and drawing on the ups and downs, successes and failures which other countries had experienced in practicing socialism, Comrade Xiaoping never stopped seeking to understand and solve the question of how to build socialism by referring to this new historical context. Pursuing the policy of reform and opening up was to find a correct answer to this question through practice. The putting forward of the theory of

building socialism with Chinese characteristics was to take a further step in answering this question from a theoretical approach.

By studying the volume 3 of the *Selected Works of Deng Xiaoping*, one can easily see that in the process of developing the theory of building socialism with Chinese characters, Comrade Deng Xiaoping made the following five unequivocal points while treating the misunderstandings on the issue of understanding and building socialism: 1) poverty is not socialism and excessively slow development is not socialism either; 2) egalitarianism is not socialism and neither is polarization; 3) socialism cannot be developed with rigidity and self-closure, nor can it be developed by copying other countries indiscriminately; 4) no democracy, no socialism; no legal system, no socialism; and 5) socialism cannot be successful without due attention to both material and spiritual civilization. These five aspects were Comrade Xiaoping's rethink about "what socialism is" from the perspective of integrating theory with practice. They clarified the distinction between scientific socialism and various distorted forms of socialism. By clarifying what socialism "is not," he actually answered the question of "what it is." Comrade Xiaoping is not a "book worshipper" and has never studied problems using a scholastic approach. Instead, he has always grasped the core of an issue by closely integrating it with reality. He has repeatedly emphasized: The Marxism we must adhere to "must be the Marxism which integrates with China's reality"; the socialism we must adhere to "must be the socialism with Chinese characteristics which fits in with China's reality." This understanding of socialism is in line with the world outlook and methodology of dialectical materialism and is a flexible application of the Marxist, scientific ideological line. This correct understanding of socialism standardized the path of developing socialism with Chinese characteristics in all dimensions. The 13th CPC National Congress in 1987 summed up the experience in building socialism with Chinese characteristics and made a macrosummary of the theory, thus further clarifying this issue. Therefore, when meeting with foreign guests in May 1988, Comrade Xiaoping pointed out: "Our mind used to be full of do's and don'ts but we have now broken out of them" and "it is not until now that we have solved the question of what socialism is."

Solving here means finding a "new road" and "putting forward a series of new principles and policies." As Comrade Xiaoping put it, its "focal point is to shift from taking class struggle as the key link to centering round developing productive forces, from closure to opening up, and from sticking to the old ways to carrying out reforms in various fields." According to this idea and on the basis of Comrade Xiaoping's talks on his inspection tour of southern China in 1992, the 14th CPC National Congress made a new summary of this theoretical system, clearly putting forward the new concept of "Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics" and made an appeal for "equipping the whole party" with this theory, thus

upgrading the understanding partywide of this new theory which was considered "Marxism for today's China."

II.

As "Marxism for today's China," Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics has a very rich content. Looking upon it as both Marxist and Chinese, both socialist and contemporary, we can find the following especially important aspects in which it is a development of basic Marxist theory.

1. The theory of the initial stage of socialism.

This was a great creation made by the second-generation central leadership collective with Comrade Deng Xiaoping at the core and is of great significance both in theory and in practice. First, this theory is a profound analysis of the national conditions of our country. It confirmed that to build socialism in a context of backward productive forces and an underdeveloped commodity economy, it is imperative to first accomplish the task of industrialization and of the commercialization, socialization, and modernization of production. Thereupon, it clarified the starting point in formulating the party's line, principle, and policy and laid the first theoretical cornerstone for the establishment of the theoretical system of building socialism with Chinese characteristics. Second, highlighting the initial stage of socialism, considered quite a lengthy period, in the entire history of socialism helped us improve our understanding of the protracted and arduous nature of building socialism and overcome the "left"-leaning impetuosity transcending the confines of each historical phase which we had failed to overcome for decades. Third, the theory of the initial stage of socialism is the theoretical basis of the theory that the party's basic line should be upheld unswervingly for 100 years. It takes at least 100 years to basically realize socialist modernization and achieve the level of medium-developed countries. All this period belongs to the initial stage of socialism. The party's basic line is the basic line that takes care of the entire initial stage and ensures the fulfillment of this goal. To achieve this goal, the party's basic line must not be shaken. Lastly, the theory of the initial stage of socialism has opened up a new approach to building socialism for underdeveloped countries. The specific national conditions of our country determined that China could not directly conduct a socialist revolution and that China's revolution must be carried out in two phases; in the same way, they determined that after its revolution succeeded, China could not directly copy the formulation for building socialism in developed countries conceived by Marx and Engels but must first go through an initial stage of socialism. If the theory of new democracy provided a model for the convergence between democratic revolution and socialist revolution in underdeveloped countries, the theory of the initial stage of socialism has provided another approach to the

convergence between the socialist construction of an underdeveloped country and the socialist construction in the developed phase.

2. The theory of developing productive forces, emancipating productive forces, and the "three-beneficial" criteria with the "criterion of productive forces" at the core.

Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics first of all confirms the idea that the fundamental task of socialism is to develop productive forces and lays special emphasis on their development. If finding an answer to the question of what socialism is and how to build socialism is the theme of the three volumes of the *Selected Works of Deng Xiaoping*, the main answer to this theme, namely, emphasizing the need to concentrate energies on the development of productive forces and that "socialism with Chinese characteristics is the socialism that continuously develops social productive forces," is a main line running through all three volumes of the *Selected Works of Deng Xiaoping*. He used this idea to answer every question he raised about what socialism is. He emphasized that "development is the last word" and that we must rid ourselves of all interference and strive to boost economic construction even if it means we will have to toughen our scalp [ying zhe tou pi 4289 4192 7333 4122]; this is our overriding concern and "everything has to give way to this overriding concern." He also suggested that "the most important principle of socialism is to develop production" and emphasized that the basic line of the party is to "center round economic construction."

That "reform is also the emancipation of the productive forces" is another new viewpoint in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. There was no mention in Marxist and Leninist books regarding whether or not the issue of emancipating the productive forces would remain after the establishment of the socialist system; and neither was any answer given to this question in Mao Zedong's works. Through his rethink on the socialist practice, Comrade Xiaoping believed that it does not fit in with the context of a socialist country to only talk about developing the productive forces without mentioning the need to emancipate the productive forces through reform. Generally speaking, the basic contradictions of a socialist society, production relations versus productive forces and superstructure versus economic base, which are two aspects of the unity of opposites, basically conform with each other. However, under special circumstances, the two sides can also experience sharp conflict. For example, the old system may seriously restrict the development of the productive forces and wrong lines and policies may cause repeated setbacks to economic construction. Therefore, Comrade Xiaoping suggested emancipating the productive forces through reform and that "we should be inclusive when talking about emancipating the productive forces and developing them. Here, "being inclusive" means that the socialist system in our country actually shoulders the

dual task of developing the productive forces and emancipating them. This further deepened our understanding of the movement of the basic contradictions of socialism and developed the socialism theory of Marxism, Leninism, and Mao Zedong Thought.

The "criterion of productive forces" is a Marxist concept with a well defined meaning put forward by the 13th CPC National Congress. In his talks made during his inspection tour of southern China, Comrade Xiaoping developed the theory of the "criterion of the productive forces" into the theory of the "three benefits" criteria. We consider it a development for the following reasons: First, it not only upholds the theory of the "criterion of productive forces," (being the most important of the "three benefits"), but also makes more concrete and practical the abstract theoretical form of the theory on the "criterion of productive forces." The second and third "benefits" are the extension, supplement, and specification of the first "benefit." Second, in terms of epistemology, the theory of the "three-benefit" criteria is more comprehensive. As productive forces develop and the overall national strength increases, does it mean the people's living standards will definitely improve accordingly? The dramatic changes in some socialist countries indicate that the answer is no. Theoretically, they should go hand in hand but, in practice, there is often a contrast [fan cha 0646 1567]. In view of such historical lessons, proposing the theory of the "three-benefit" criteria will be more conducive to the consolidation and development of the socialist system. Third, it embodies an understanding of the principal social contradiction in our country at present more clearly and integrates the criterion of productive forces with the criterion of people's interests. At present, the principal social contradiction of our country is that between the ever growing demand of the people for materials and culture and backward social production. The way it is written, the theory of "three-benefit" criteria not only highlights the fundamental task of putting development of the productive forces in the first place but also emphasizes the need to implement it at the basic point of improving people's living standards. In other words, it puts whether or not something is conducive to improving people's living standards together with whether or not it is conducive to developing the productive forces, making it a criterion for measuring the correctness and performance of the party's work. This is the integration of the criterion of productive forces with the criterion of people's interests. In practice, it is more conducive to reflecting the party's aim of serving the people wholeheartedly and the socialist nature of our country which puts the people's interests first.

3. Theory on socialist planned commodity economy and socialist market economy.

These were epoch-making breakthroughs in the traditional socialist economic theory and can also be considered two revolutionary structures [jian gou 1696 2845] of Marxist political economy by the second-generation central leadership collective with Comrade Xiaoping at the

core. As far as the social-economic form is concerned, for a long time, it was believed that socialism was a society of product economy and its management system follows that of the planned economy. From Lenin to Mao Zedong, though this opinion was changed somewhat in theory and practice, there was no thorough breakthrough. The reform and opening up since the Third Plenary Session of the 11th CPC Central Committee has been "an earth-shaking cause, a great experiment, a revolution." As a summary of the experience of the great revolutionary practice, the "Decision By the CPC Central Committee on the Reform of the Economic Structure," made by our party in October 1984, put forward the formulation that the socialist economy "is a planned commodity economy on the basis of public ownership." For the first time, it admitted that the commodity economy is an intrinsic, innate, and essential requirement for socialist economic development and laid a theoretical foundation for making a series of major economic policies in China's overall reform and opening up. With the surging tide of reform and opening up, the conflict between planning and market in the system and the mechanism of economic management has become progressively intense. While equating the planned economy with socialism, long-standing traditional values also mixed up the market economy with capitalism. It has been very difficult to change this fixed concept. Comrade Xiaoping has made a dozen speeches since 1979, repeatedly pointing out: "There is no fundamental contradiction between socialism and the market economy," that socialism can also practice the market economy, that "productive forces can be better emancipated" by integrating planning with the market, and that "it is untrue that practicing a bit of the market economy means following the capitalist road." In his talks during his inspection tour of southern China in 1992, he once again pointed out that planning and market "are both economic means" and "not an essential distinction between socialism and capitalism." Later, through the 14th CCPC National Congress, our party officially established the theory of the "socialist market economy." The "Decision By the CPC Central Committee on Certain Issues Concerning the Establishment of a Socialist Market Economic System" adopted by the Third Plenary Session of the 14th CPC Central Committee, further enriched and developed this theory. The founding of the theory of socialist planned commodity economy and the theory of socialist market economy are the "latest achievements" in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a product of the integration of Marxism with China's reality. They are the chief markers of his theory reaching the height of Marxism.

4. The theory on the nature of socialism.

This was a new viewpoint presented by Comrade Xiaoping during his southern China tour. How should we look at the theory of "the nature of socialism," this new summing-up definition? In my opinion, this new definition, compared with all previous definitions, has at

least the following four merits: First, it highlights the object of the effort to dispel chaos and restore order. Comrade Xiaoping pointed out: "Concentrating energies on the development of the productive forces on the basis of adhering to the four cardinal principles" is the "most fundamental effort to dispel chaos and restore order." It is obviously in view of the grave historical lessons that the theory on "the nature of socialism" emphasizes the need to develop the productive forces. Second, it highlights creativity which contains new ideas. Comrade Xiaoping believes that it was incomplete to talk about developing the productive forces in the context of socialism in the past without talking about emancipating the productive forces through reform; we should talk about both emancipating and developing the productive forces. Summing up the two tasks of socialism, namely, emancipating the productive forces and developing them, the nature of socialism not only underlines the role of the productive forces issue but also underlines the significance of reform. Third, it highlights the dynamic nature of socialist development and the gradual fulfillment of the nature of socialism. Socialism is a very long historical phase, divided into the initial stage and other stages, and is in a constant state of change and reform. Fulfilling the nature of socialism is a historical process. It cannot be achieved soon after the socialist system is established, nor can the deadline be categorically set for the conclusion of the initial stage of socialism. "Eventually reaching common prosperity" embodies this historical feature. This is conducive to overcoming the long-standing tendency toward "egalitarianism" and stabilizing the party's current basic policies while preventing polarization. Fourth, it highlights the ultimate goal in pursuing and developing socialism. Volume three of the *Selected Works of Deng Xiaoping* contains many expositions on the goal of socialist construction. The ideas are clearly presented and are mainly concerned with "developing production" and "common prosperity," culminating in the conclusion that developing production also has the purpose of eventually achieving common prosperity. The theory on "the nature of socialism," this new summing-up definition, fully reflects this ultimate goal.

III.

As the Marxism for contemporary China, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is certainly "Marxist" and "socialist." Comrade Xiaoping has firm faith in Marxism and spares no effort either of thought or action in the socialist cause. A thorough understanding of volume three of the *Selected Works of Deng Xiaoping* can easily make us see that many of his new thoughts are aimed at upholding Marxism and socialism in a better way. There are enormous elaborations on this point, the following few of which are particularly outstanding:

1. The emphasis that Marxism is a scientific theory—"We cannot desert our theoretical lineage!"

Comrade Xiaoping has a profound understanding of Marxism and an uncanny power to grasp and use it. Whenever he asks, and answers, what socialism and Marxism are, he starts from the basic tenets and spells out briefly, precisely, accurately, and plainly the theoretical foundation for the series of reform and opening up policies. He said on his southern inspection tour: "We have been talking about Marxism all our lives. Marxism, in fact, is not at all esoteric. It is quite down-to-earth and simple."

Comrade Xiaoping lays much emphasis on the fact that his thought has only inherited and developed Marxism-Leninism-Mao Zedong Thought. In August 1991, he told some central comrades-in-charge: "We have not dropped Marx, Lenin, nor Mao Zedong in pursuing reform and opening up and focusing our work on economic construction." He firmly opposes the alleged opposition between his thought and theory and Marxism-Leninism-Mao Zedong Thought. When American reporter Mike Wallace asked about this, he pointed out explicitly: "I am a Marxist and I have always followed basic Marxist principles" and while his thought "differs in some aspects from Mao Zedong's concepts, the two share certain principles." This explains the relationship between Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and Marxism but not between his theory and Mao Zedong's, which is more complicated. Here we need to make two distinctions. One, following the "Resolutions on Certain Problems in Party History Since the Founding of the Nation" adopted by the Sixth Plenary Session of the 11th CPC Central Committee, we separated Mao Zedong Thought from his mistakes in his later years. Mao Zedong Thought refers specifically to the theories and principles proved correct by practice and excludes his mistakes in his old age. Two, we distinguish between basic theoretical principles and certain specific policies or concepts. What Comrade Xiaoping describes as "some difference" between his and Mao Zedong's ideas refers mainly to the difference between his ideas and Mao Zedong's erroneous thoughts and some of his individual policies in his old age. Comrade Xiaoping's theory of building socialism with Chinese characteristics was founded on the negation of Mao Zedong's mistakes in his old age. Moreover, even if they were both right in policies or ideas in a given circumstance, different historical conditions and different social exposure, cultural characters, and intellectual perspectives between the two would have resulted in different options taken—hence the "difference." However, this is not the main thing. When Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is compared with the basic principles of Mao Zedong Thought, we find that "the two are identical [yi yang 0001 2876] after all" and proceed along the same lines. There are obvious common points and continuity between the two in the general line of thinking (both affirm combining the general principles of Marxism with China's specific realities), theoretical character (both stress choosing one's own path, opposing blind faith in the canon, and

upholding Chinese characteristics), theoretical approaches (seeking truth from facts, case analysis for individual cases, and so on), and theoretical content (compare certain viewpoints under the theory of building socialism with Chinese characteristics with related viewpoints in Mao Zedong Thought). Of course, we cannot simply identify one with the other, holding that Mao Zedong Thought already contains the view of building socialism with Chinese characteristics. This does not accord with reality and is another kind of partiality. As explained above, Comrade Deng Xiaoping's building socialism with Chinese characteristics is grand theory; we can even say that it took Mao Zedong Thought to a new dimension. A new stage in historical development necessarily demands a parallel new phase in theoretical development. Once we recognize that the historical development following the Third Plenary Session of the 11th CPC Central Committee had moved to a new stage, the theory of building socialism with Chinese characteristics as a scientific summation of historical experience must necessarily develop Mao Zedong Thought and take it to a new stage.

2. The emphasis that socialism is a good system; and the pursuit of reform and opening up is aimed at consolidating and developing socialism.

For some, the question whether or not China should choose the capitalist or socialist road has never been properly solved. This, coupled with confusing propaganda by overseas hostile forces, has enabled a few to cherish the hope of edging China toward capitalism. Comrade Xiaoping's attitude toward this is very clear: He remains firm throughout in criticizing this mistaken tendency and has explained from varied angles and perspectives, why China cannot pursue capitalism and why only socialism can save and develop China. His analysis is based on modern Chinese history and a comparison between the two systems and he approaches the issue in a global context, explaining it in terms of peace and development for mankind. He points out: China's pursuit of socialism is also a key issue for the world; "if a 1-billion-strong China took the capitalist road it would be a disaster for the world"; China shows its sense of responsibility for one-fifth of humanity and "might make greater contributions to mankind" in opting for a socialist path.

Comrade Xiaoping's theory of building socialism with Chinese characteristics upholds socialism not only in matters concerning fundamental structures but also in all the policies on reform, opening up, and modernization. Comrade Xiaoping has pointed out repeatedly: "The four modernizations we pursue are socialist in nature because only socialism is cohesive enough"; "the enlivening of the domestic economy and opening up to the outside world we are talking about develop under the principle of socialism"; "the absorption of certain good elements from the capitalist society is done to complement the development of a socialist society." This is why he has been consistently tough on bourgeois liberalization. He believes that "bourgeois liberalization" is a

political concept with a definite meaning which is identical to "taking the capitalist road." Any tendency which dilutes or blurs the political content of this concept is harmful. This helps us understand why, during the entire process of reform and opening up, he, as he put it himself, "has talked most of the time about opposing bourgeois liberalization and I have been firmest about it" and "on this I have never yielded."

3. The emphasis that it takes the unceasing and unyielding effort of several or even dozens of generations to achieve long-term peace and stability in Chinese society.

Socialism in China is a hard-won achievement. What must we do to consolidate and develop the present status and achieve the heroic objective of catching up with medium-developed countries in per capita GNP by the mid-21st century? This has been a key problem long on the mind of Comrade Xiaoping. He has been occupied above all by two issues: One, keeping the party's basic line and policies unchanged for a long time and two, grooming and selecting successors from whom to form a good central collective leadership. With these two problems solved, "China will be as steady as a mountain" and "socialist China will be unconquerable."

The problem of keeping the party's basic line and basic policies unchanged for a long time is a theme running through volume 3 of the *Selected Works of Deng Xiaoping* and is expounded and explained scores of times in the book. This shows that this thinking of his has taken a long time to mature and is highly consistent. More striking is the fact that, after the 1989 political turmoil, he not only did not "change course nor what he advocated" but dwelt on the subject even more frequently, showing the extraordinary firmness of his thinking. On his southern inspection tour he stressed that "the basic line must be kept unchanged and is untouchable for the next 100 years." Whoever wants to change this line "will be struck down." Given the consistency and firmness of his thinking, this emphasis of his is a logical necessity. In May and September 1989, he talked about "the political assignment" to the party. Keeping the party's basic line and basic policies unchanged for the next 100 years is the most important political assignment he has given to the whole party and people of the whole country,

Comrade Xiaoping also talked a great deal about selecting, promoting, and grooming successors, because the political task of keeping the party's basic line and policies unchanged for a long time requires organizational guarantees, specifically in the form of the passing of leadership from cadres of the older generation to younger cadres. He said on his southern inspection tour: "In a certain sense, the key to a sound pursuit of Chinese affairs, a sustained effort at socialism, reform, and opening up; speedier economic development, and long-term peace and stability for the country, lies in the personnel." "Personnel are what we have to rely on when we talk about keeping the party's basic line in command for the next 100 years and long-term peace and stability.

What really determines the whole situation is personnel." This is something we cannot just take lightly. He also said: "If ever there is a problem with China, it will most probably come from the party." How profound this observation was! When this problem is solved, and when generations of leaders can be selected, promoted, and groomed through a relatively perfect system and mechanism, who can guide various tasks with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics in a comprehensive and accurate fashion, uphold the party's basic line and policies comprehensively and correctly and keep them unchanged, remain firm throughout in upholding the principle of wholeheartedly serving the people, work for the benefit of the people in a down-to-earth and sustained fashion, the broad masses of the people, who are masters of the historical fate of this country, will certainly feel that "after all, socialism and reform and opening up are good and that our cause will remain relevant forever!"

As the Marxism for contemporary China, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is a theoretical system with an open structure. As explained above, its greatness lies in its ability to anchor socialism in the contemporary world and make it more open, more receptive to all the civilized achievements of human society, including absorbing and digesting all advanced knowledge and skills embodying the laws of modern and socialized production in contemporary capitalist countries, turning them into nutrients for socialism, hence endowing the embattled world's socialist cause with new vitality and a bright future. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is a brilliant paradigm of how Marxism can be integrated with China's practical conditions and socialism with contemporary realities. Of course, it has not, and cannot, ended the search for an understanding of how China constructs, consolidates, and develops socialism. The theory will be continuously enriched, perfected, and developed in the process of studying new situations, solving new problems, and being verified by practice. This is precisely its brilliance and greatness.

Article Views 'Unpredictable' Political Situation

HK0306125794 Hong Kong KAI FANG in Chinese No 6, 1 Jun 94 pp 11-12

[Article by Hsia Wen-szu (1115 2429 1835): "Beijing's Political Situation Is Critical and Unpredictable"]

[Text] A reformist economist recently commented on Beijing's political situation, and shook his head. He only uttered four characters in conclusion: "Full of unpredictable crises and dangers."

He said: The current political situation is extremely complicated. Various signs show that Deng Xiaoping is no longer able to control the overall situation. Since the end of last year, Jiang Zemin and Zhu Rongji have held

the power in their hands and have been going their own ways. They even wantonly changed Deng's policies. Some conservatives also acted more flagrantly, and even tried to totally overthrow the reform line set forth by Deng in the past more than 10 years.

In an article about Beijing's situation I wrote in April, I quoted an authoritative source saying that Deng Xiaoping could not say anything when meeting Shanghai leaders at the last Spring Festival. The remarks quoted by the newspapers were all uttered by his daughter. Moreover, Deng Xiaoping had not given any policy instruction in the past few months. The remarks by Deng, being spread outside the mainland might all be cooked up by Deng's family members and Deng's personal office.

The information was recently reconfirmed by another Beijing source, who told this author that Deng Xiaoping always stayed at home in Beijing and had become completely senile. He could only utter some indistinct murmurs and could not say even a complete sentence. What he wanted to say was completed and expressed by his daughter Deng Rong, and Deng was also rather confused and muddle-headed.

The source said that as Deng's health was getting worse, he was no longer able to concern himself about any political affairs. In September last year, the mainland newspapers suddenly made public some of Deng's remarks, and stressed "development is the last word." This reflected Deng's discontent with Zhu Rongji's macroeconomic control. In fact, the remark was created by Deng Rong and the Deng Xiaoping Office, who tried to issue the paramount order in the name of Deng Xiaoping. However, Deng Rong's action could only play a temporary role. After Deng Xiaoping appeared on television during the Spring Festival this year, Jiang Zemin and other leaders no longer gave any consideration to his existence.

The source said that political circles in Beijing generally agreed that Deng Xiaoping was already a living dead man, and the political situation would not be affected by his existence or nonexistence.

The fact that showed Deng Xiaoping's inability to control the political situation was that de-Dengism had appeared in Beijing.

At the national propaganda work conference last January, Jiang Zemin suddenly again mentioned the subject of "peaceful evolution," which became taboo after Deng's inspection tour of the south in 1992, and talked a lot about criticizing bourgeois liberalization. After that, a number of leaders in Beijing also talked about the issue of "peaceful evolution."

Moreover, the CPC authorities also gave a new interpretation to Deng's opinion on guarding against and opposing Leftism. Not long ago, an instruction of the Central Propaganda Department was issued to the press institutions in Beijing, saying that Deng Xiaoping's

opinion on guarding against Leftism mainly referred to things in the economic field rather than in the political and ideological field. In the political and ideological field, there should not be anti-Leftism.

Some people in political circles in Beijing said that Lu Ping's remark that Hong Kong cannot become a political city was a new interpretation by the CPC authorities of the "one country, two systems" principle. If "one country, two systems" is applied to the political field, that will mean that China will give up the exercise of sovereignty over Hong Kong.

In fact, the leftist turn of China's political situation from the beginning of this year indicated the beginning of de-Dengism pursued by the CPC authorities.

The Beijing sources said that at present, only Chen Yun among the old guard still maintains a certain influence in the CPC leadership. Chen Yun was satisfied at Jiang Zemin's tough performance, and also expressed appreciation of Jiang Zemin's ploy of alternately releasing and arresting pro-democracy activists. Recently, when commenting on Jiang Zemin's work, Chen Yun said that Jiang could "correctly assess the situation and take resolute and realistic action."

As the economic reform in the mainland of China entered the throes of the stage marked by the agricultural crisis, the runaway inflation, the strained state treasury, and the upsurge of labor unrest, the CPC authorities shifted the top priority from economic growth to the maintenance of stability and the prevention of popular unrest. Before another anniversary of the 4 June incident, the CPC Political Bureau held an enlarged meeting, once again stressing the need to take all necessary means to prevent troublemakers' activities. It stressed that dissidents should be caught boldly, and it does not matter if anybody is wrongly caught. Anyhow, troublemakers must not be given any opportunity to do what they want.

In order to tighten control over pro-democracy activists, an addition will be made to Article 18 of the Penalty Regulations for the Management of Public Security concerning the treatment of those convicted who are put under surveillance, deprived of political rights, released on parole, or sentenced with suspension, so that pro-democracy activists released from prison may be rearrested at any time.

In accordance with a central instruction, the local authorities in all parts of the country have tightened up surveillance over dissidents. According to Guangdong sources, former pro-democracy activities working in Guangdong were all investigated and interrogated. Recently, many dissidents in various parts of the country were arrested or suddenly disappeared. Wei Jingsheng, a leading figure in China's pro-democracy movement, was arrested in March. Since then, nobody knows his whereabouts. Although the CPC authorities denied that Wei would be charged with treason, Beijing sources said that the authorities would apply the new Penalty Regulations

for the Management of Public Security to accuse Wei of violating the rules for release on parole.

In the new arrest spree, many ex-activists were wronged as the CPC authorities pursued the policy of "rather arresting 1,000 innocent people than letting one activist off." A former activist in Hunan went to do business in Beijing and met a friend who was also a former activist. In the sensitive pre-4 June period, he was detained for more than 10 days in Beijing, and was again taken away by the local public security authorities after returning to Changsha. His whereabouts remain unknown to other people.

Many localities have set up special bodies for preventing turmoil and set up riot police brigades in accordance with the central instruction. Two months ago 10 antiriot regiments of the People's Liberation Army were on the highest level of alert.

A mainland intellectual told me that China was now experiencing a white terror. The degree of such terror was demonstrated by the parade of 10,000 antiriot troops in Changsha.

During the pro-democracy movement in 1989, Changsha City in Hunan was one of the cities witnessing the strongest popular ferment. In early April, the city set up a 10,000-strong antiriot force composed of public security personnel, armed police troops, and militia units. The headquarters of the antiriot force was located in the college district on the west bank of the Xiang Jiang. In order to intimidate the public, on 17 May, the antiriot force staged a large-scale parade around the city. The policemen carried machine-guns and rode motorcycles; and the militiamen carried wooden clubs and rode on large trucks. The mighty procession was filled with an atmosphere of killing, which made people recall the dramatic scenes of the worker guards during the Cultural Revolution.

According to Changsha people, when the antiriot force was founded, the daily allowances issued to its members were collected from random fines imposed on taxi drivers and drivers of other vehicles. This aroused strong resentment among the taxi drivers, and their business was seriously affected.

As the CPC authorities, which had turned to the leftist side, feared the appearance of popular unrest, the conservatives, on the contrary, tried hard to stir up trouble in society and abet workers in staging strikes.

After Zhu Rongji exercised macrocontrol to tighten up the supply of credit, the state-owned enterprises whose business results were always poor were suddenly faced with a halt to blood transfusions. Innumerable large factories and mines were forced to suspend operation wholly or partly, and workers there could not maintain their basic livelihood. Incidents of labor unrest arose one after another in all parts of the country. An official trade union cadre told me that strikes are happening almost every day in China.

In the previous issue of KAI FANG, I wrote a report about the incident in which 100,000 workers in Heilongjiang took to the streets to stage a petition-demonstration. The latest news is that somebody in the central authorities was fanning such strikes behind the scenes. The sources said that some people of the former Wang Zhen Office recently became very active in some factories and mines, where workers were living in difficult conditions. They agitated for people there to stage strikes and disturbances. The sources said that such people acted according to the ideas of some conservatives in the central authorities. Labor unrest mainly took place in state-owned enterprises. The conservatives said that the reforms had driven workers to a position of losing their means of livelihood, so the disturbances staged by the workers could defend the socialist public ownership system. Obviously, these people tried to add to the troubles of the top leadership and thus force the top leadership to back down from the ongoing reforms.

The underground labor activists were confused after learning about this. They organized workers to struggle for their own rights and interests, but they did not want to be used by the conservatives. So they did not know what they should do.

Article Views United Front Work

HK0406040294 Beijing RENMIN RIBAO in Chinese
30 May 94 p 5

[Article by Li Dezhu (2621 1795 3178) From "Earnestly Study Volume 3 of the *Selected Works of Deng Xiaoping*" Column: "Strive To Create a New Situation of United Front Work"]

[Text] Comrade Deng Xiaoping's theory on the united front for the new period is an essential part of his theory of building socialism with Chinese characteristics. While creatively carrying forward and developing Comrade Mao Zedong's idea on the united front, Comrade Deng Xiaoping put forward a whole set of theories, which meets the objective needs of China's modernization drive, accords with the law governing historical development, and bears the distinctive imprint of the times. To breathe new life into united front work, we must earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, especially his theory on united front work for the new period, to facilitate our study of new situations and problems arising from united front work.

1. The Nature of the United Front Is More Clearly Defined in the New Period

As one of the three magic weapons for China's revolution and development, the united front led by the CPC has gone through several historical periods. The nature of the united front varied with the change in the principal contradiction in society and in the party's central task.

In his opening speech at the second session of the fifth Chinese People's Political Consultative Conference National Committee held in June 1979, Comrade Deng Xiaoping pointed out: China's working class has greatly strengthened its position and the worker-peasant alliance will be further consolidated and developed on the new basis of the socialist modernization drive. A great number of intellectuals have become a component part of the working class, and they are consciously working for the socialist cause. The means of production owned by the capitalist class have been turned over to the state for a long time, and most members of the capitalist class who are fit to work have become self-supporting workers. Various fraternal minority nationalities have taken the socialist road in turn and established a new relationship between themselves characterized by fraternal unity and mutual assistance. Patriotic religious believers in various nationalities have made great progress. Compatriots in Taiwan, Hong Kong, and Macao, and overseas Chinese love the motherland and are playing an increasingly important, active role in the reunification of the motherland and in the modernization drive. "China's united front has become a broad union of socialist laborers and patriots supporting socialism led by the working class and based on the worker-peasant alliance." In September of the same year, after listening to a report on the 14th national conference on the united front work, Comrade Deng Xiaoping extended the front by embracing in it all people cherishing a fervent love for the motherland, stressing that the united front "is the union of socialist laborers and patriots" by nature. Later, he pointed out more clearly that the united front in the new period is by nature "the broadest union of all socialist laborers and all patriots supporting socialism and the reunification of the motherland." It is safe to say that this is a most fundamental and important thesis showing that Comrade Deng Xiaoping has creatively carried forward and developed Comrade Mao Zedong's idea on the united front. Since then, the united front in the new period has freed itself from the yoke of the doctrine of "taking class struggle as the key link" and has grown and become more consolidated with each passing day, holding high the two banners of socialism and patriotism.

II. The Patriotic United Front Has Become Broader in the New Period

After a basic change took place in the class mix in the country, some comrades were doubtful as to whether the range covered by the united front was too broad or too narrow and whether the targets for the united front were too many or too few. In light of the circumstances, Comrade Deng Xiaoping expounded the target and the range of the united front in a scientific way. He said: "Clearly the targets for the united front, as the term suggests, are all the people that can be united. It is a broader range rather than a narrower one that is to our advantage." In June 1981, the "Decision on the Party's Several Historical Problems Since the Founding of the PRC" drafted under the leadership of Deng Xiaoping and adopted by the sixth plenary session of the 11th CPC

Central Committee, formally stated: The concept of "patriotic united front" is designed to enable all individuals and organizations to join the front, irrespective of their social systems, political stands, ideologies, and ways of life, to expand the range. Patriotism is a banner with a tremendous cohesive force and a strong appeal that can achieve broad unity among the people of the Chinese nation.

Holding high the two banners of patriotism and socialism, Comrade Deng Xiaoping advanced the scientific idea of "one country, two systems" in 1982.

By doing so he put forward a practical strategy for the united front in the new period, a front which comprises two unions: One is composed of all laborers and patriots on the mainland on the political basis of socialism and the other is composed of compatriots in Taiwan, Hong Kong, and Macao, as well as overseas Chinese, on the political basis of supporting reunification of the motherland. On the whole, the two unions have three goals, namely: Achieving unity among the people on the mainland on the basis of building socialism with Chinese characteristics; achieving unity between compatriots on the mainland and those in Taiwan, Hong Kong, and Macao on the basis of supporting peaceful reunification of the motherland; and achieving unity among the Chinese at home and abroad on the basis of reinvigorating the Chinese nation.

The presentation and implementation of the principle of "one country, two systems" and the interpretation of the range covered by the two unions constituted a new departure in united front work for the new period characterized by being based on the mainland and keeping in view the outside world. Consequently, the range for united front work became broader and the number of people drawn into the front greater.

III. There Is a Great Change in the Targets for the Patriotic United Front in the New Period

With the establishment of a socialist market economy and a new change in the socio-economic structure, there has been a great change in the targets for the united front.

One. The change in the social structure brought about by adjustment of the structure of production and the shift from primary to secondary and tertiary industries has affected united front work.

Two. A shift in the ownership structure has resulted in a change in the economic structure. A prominent phenomenon over the last few years is that the private sector, including self-employed industrial and commercial operators, private enterprises, and foreign-funded enterprises, has grown very rapidly. The expansion of the private sector has brought forth a number of new representative figures. An important mission for our comrades responsible for promoting united front work is to carry out the principle of uniting, helping, guiding, and educating these representative figures of the private sector, so we can choose from them activists who will cooperate with our

party for a long period, and can encourage, through them, their colleagues to love the country, develop respect for their work, and abide by law to contribute to the building of socialism with Chinese characteristics.

Three. There is also a change in the contingent of intellectuals. A certain number of intellectuals, including cultural workers, teachers, scientific researchers, and medical and public health workers, quit their posts to "go into business" or join managerial staffs of industries using new and high technologies. Intellectuals drifting away from their original posts have imposed on united front workers a new task involving, in particular, winning over non-party intellectuals.

Four. As members of democratic parties and representatives of minority nationalities and religious circles of the second and the third generations are replacing their predecessors, it is a difficult task to train new representatives of democratic parties and religious circles as well as minority nationality cadres. And,

Five. The increase in the number of overseas Chinese and the change in their mix also calls for a change in the united front work and presents new problems.

IV. The Patriotic United Front's Task for the New Period Is More Important

In June 1976, Comrade Deng Xiaoping pointed out: The task for the united front in the new period is to bring every positive factor into play and unite with all the forces that can be united in a common effort to safeguard and develop political stability and unity and build China into a modern, strong socialist country. Soon after that he said that it is necessary to vigorously develop the patriotic united front to achieve reunification of the motherland at an early date. As we are trying to make breakthroughs in some key areas, and, at the same time, pressing ahead with the whole project of establishing a socialist market economy, which represents a profound revolution, we will certainly witness a situation in which the new system contradicts the old one and advantages are accompanied by disadvantages. Radical change in the economic field will inevitably exert extensive and intensive influence in politics and social activities. This year the party Central Committee advanced the 20-character principle of "seizing the current opportunity, deepening reform, opening China wider to the outside world, promoting development, and maintaining stability." This is the general task of the country and the party as well as the general task of the patriotic united front. Based on Comrade Deng Xiaoping's thesis on the mission of the patriotic united front in the new period and on the general task of the country and the party, the tasks of the patriotic united front in the new period are: To work in the interest of, first, stability and unity; second, the reform, opening up, and modernization drive; third, strengthening democracy and the legal system; and forth, the reunification of the motherland—in short, to work for the general objective of building socialism with Chinese characteristics. Clearly, the responsibility of the united

front is heavier rather than lighter than before, and the united front is more important to us now than in any period before. The united front is not something which is dispensable. Comrade Deng Xiaoping repeatedly stressed that the united front remains a magic weapon for us and that it should be strengthened and expanded rather than weakened and reduced.

V. The Patriotic United Front Has More Prominent Social Functions in the New Period

In the new internal and external environment, the united front has the social function of uniting with as many people as possible, promoting democracy, coordinating relations, and maintaining stability to serve the general objective of building socialism with Chinese characteristics. To accomplish the great cause of building socialism with Chinese characteristics, we must unite with all the forces that can be united and bring every positive factor into play. In this respect, the united front has a special role to play. The essential task of the united front is to achieve unity on the broadest possible scale. The competence of a ruling party or a leading body is mainly judged by their abilities to make policy decisions and to achieve unity. If they make an inappropriate policy decision, all will go wrong; if they do not do a good job in uniting all forces, all will end with failure. In a sense, unity shows how competent they are; unity represents the overall interest; unity is strength; and unity is victory. As the old system is being replaced by a new one, adjustment of various interest relations will inevitably give rise to new contradictions. These contradictions are basically contradictions among the people. Correctly handling them is an important subject of the our political life and also for the united front. As the reform deepens and China opens more widely to the outside world, especially in the process of building up a socialist market economy, new contradictions and problems will keep cropping up. Failure to deal with and solve these contradictions and problems earnestly and in a timely manner will lead to chaos. For example, in general, minority nationalities and religious believers are united and the relevant situation is stable, but certain contradictions are unavoidable. We must make painstaking efforts to solve problems concerning minority nationalities and religion when and where they make their appearance. Doing a good job in coordinating relations among various parties, various nationalities, and members of various sectors within the united front is essential to consolidating and developing the political situation of solidarity, stability, and harmony.

Article Views Management of Radio Hotline Programs

HK0606091694 Beijing GUANGMING RIBAO in Chinese 14 May 94 p 2

[Report by Kuang Zong (6782 4844): "Social Management Department of the Ministry of Radio, Film, and

Television Holds Meeting to Discuss Ways To Develop Strong Points and Avoid Weak Points in 'Call-in Hotline' Programs"]

[Text] The Social Management Department of the Ministry of Radio, Film, and Television recently called a meeting in Beijing to discuss "call-in hotline" programs. On the basis of summing up and exchanging experiences, the meeting mainly discussed measures to strengthen the management of "call-in hotline" programs so that this kind of programs can develop the strong points and avoid the weak points and create a fine media environment for reform, opening up, and socialist construction in a still better way.

"Call-in hotlines" are a new form in broadcasting reform. This form of programs has broken through the traditional mode of "one-way" broadcasting and increased the opportunity for the audience to participate so that broadcasting can be much closer to the masses, life, and reality. "Call-in hotlines" have not only won an audience but also injected vitality and vigor into broadcasting in competition with the numerous other news media. But because management has not kept up with "call-in hotlines" since their launching, many problems have surfaced in the course of the promotion of this form of broadcasting by radio stations of various localities. Some have indiscriminately set up "call-in hotline" programs without considering program content or whether or not it is appropriate for the programs to be broadcast, resulting in too many "call-in hotline" programs and too much indiscrimination. Some "call-in hotline" programs discuss topics that are devoid of positive meaning. Some broadcast boring content and fail to interest the audience. Some program hosts are of low caliber, have weak ability of expression, and are long-winded. They talk empty words or nonsense with the audience, wasting broadcasting time. Some "call-in hotline" programs of a few radio stations produce content deviating from the principles and policies of the party and the government.

Strengthening the management of "call-in hotline" programs and developing their strong points, while avoiding their weak points so that they have their own characteristics and enhance social efficiency is an important question in the deepening of broadcasting reform. Participating comrades held that it is first necessary to strengthen general management and refine the programs, saying: It is necessary to integrate "call-in hotlines" with traditional form of broadcasting so the two forms develop their own strong points and are continuously innovative and the tendency of indiscriminately producing "call-in hotline" programs in the absence of ripe conditions can be avoided. It is necessary to exercise control over "call-in hotline" programs. Radio stations that do not have the conditions should not indiscriminately launch this kind of program. Those with some conditions should also consider their own strength. This kind of program should not be too numerous. It is necessary to make efforts to improve the quality of call-in programs. Second, it is necessary to define the

guiding principles for all "call-in hotline" programs and set up sound operational mechanisms suited them. Programs for conversational purposes should have their finger on the pulse of the times. They should keep abreast of the changes in social life and the feelings of the masses and choose topics in which the masses are interested and which have a bearing on the national economy and people's livelihood and on tens of thousands of households. They should exchange views with the audience through hot lines, propagate the party's and government's principles, policies, and new measures and should dismiss the masses' misgivings, vent their feelings, enhance their confidence, and play a correct role in guiding public opinion. Hotline programs for entertainment purposes should integrate education and entertainment. Their ideological and cultural standards should be enhanced and they should nurture the audience with healthy and forward-looking programs. Service "call-in hotline" programs should ensure the accuracy, truth, and reliability of the broadcast content, embodying the principle of earnestly and sincerely serving the audience. Programs that involve social problems should first be recorded, examined, and selectively broadcast. Moreover, they should report the results of reporters' interviews so they play the role of supervising the media. Radio stations that launch "call-in hotline" programs should establish a sound monitoring system, a checking-monitoring system, and a responsibility system that match this kind of programs. They should have corresponding technical equipment and ensure that this kind of programs is safe and of good quality through systems and technical measures. Moreover, it is necessary to continuously improve the political and professional quality of "call-in hotline" program workers, including program hosts, editors, and reporters and to enhance their sensitivity and adaptability to news to guarantee the quality of this kind of programs.

Agency Assesses Overall Environmental Conditions

HK0406053094 Beijing CHINA DAILY in English 4
Jun 94 p 3

[By Zhu Baoxia: "Steps Taken To Clean Up Pollution"]

[Text] The quality of China's environment is fairly good, considering the pressures put on it from the country's rapid economic development.

But in a few places, pollution and other kinds of environmental deterioration have worsened, according to a national report on last year's environmental status released by the National Environmental Protection Agency (NEPA) yesterday.

On a positive note, less waste water was discharged last year. Total waste water discharges amounted to 35.5 billion tons, or 3 percent less than the year before. Industrial discharges accounted for 21.9 billion tons of the total, a 6.2 percent drop over last year.

The volume of solid industrial wastes stabilized at 20 million tons last year.

Meanwhile, more trees were planted, leading to a new total of 133 million hectares of forested land.

But some environmental problems became worse last year.

Emissions of certain air pollutants grew. Soot emissions rose by 7.1 percent, and sulphur dioxide, which causes acid rain, went up by 6.5 percent.

All waste gases last year totalled 11 trillion cubic metres.

The worse places for air pollution due to coal burning were found in the bigger cities of north China during the winter and spring.

The extent of acid rain did not expand much but it was found more frequently in the southern cities, including Jiangxi Province's Ganzhou, Changsha of Hunan, Chongqing of Sichuan, and Hangzhou of Zhejiang.

Atmospheric pollution has become one of the major causes of respiratory diseases such as chronic bronchial pneumonia and lung cancer. The mortality rate of lung cancer in cities was 34 per 100,000 people, a rise of 18.5 percent over 1988.

Among farmers, respiratory ailments have become the number-one killer, with a death rate of 165 per 100,000.

The report also said that the urban stretches of big rivers and some lakes were seriously polluted.

Noise pollution has also worsened, mainly due to crowded urban conditions, traffic, and industry.

Last year, over 2,700 industrial pollution cases were reported throughout the country, an increase of 94 cases over the previous year, causing an economic loss of over 220 million yuan (\$25 million).

More than 10 million hectares of farm land were polluted, reducing grain harvests by 12 billion kilograms.

There were 107 large-scale geological disasters such as land collapses, land-slides, and mud flows, claiming 432 lives.

The report noted progress in some areas, however. The disposal rates of waste gases, water, and solids have been raised. And more people have the benefit of central heating and piped gas.

By the end of last year, 766 natural reserves had been set up, taking up 6.8 percent of the country's total area.

Preservation centres for endangered animals were established in Sichuan, Shaanxi, and Guangdong Provinces and Guangxi Zhuang Autonomous Region. Over 300 wild animals have been put under State protection.

Xie Zhenhua, NEPA administrator, said that the country's challenges for the future are to improve its energy

efficiency, control greenhouse-gas emissions and industrial and urban pollution, and develop new technology to protect the environment.

Health Quarantine Law Approaches World Standards

OW0406074194 Beijing XINHUA Domestic Service in Chinese 0800 GMT 2 Jun 94

[By reporter Zou Peiyan (6760 3099 7346)]

[Text] Beijing, 2 Jun (XINHUA)—Drawn up on the basis of the "International Health Regulations," our Frontier Health Quarantine Law symbolizes a move to embody China's health quarantine work in law. After eight years of enforcing the Frontier Health Quarantine Law, China's health quarantine has gradually moved closer to converging with international practice.

As health quarantine is an important element of our preventive medical science, China has all along attached importance to strengthening legal provisions for health quarantine undertakings. The "Provisional Procedures for Transportation Quarantine" and the "Provisional Procedures for Civil Aviation Quarantine" were promulgated during the early days of our People's Republic; the "PRC Frontier Health Quarantine Regulations" were promulgated in 1957; China recognized the "International Health Regulations" in 1979; the "Health Supervision Procedures for Frontier Ports" were promulgated in 1981; the "PRC Frontier Health Quarantine Law" was promulgated in 1986; and the State Council approved the rules for implementation of the Frontier Health Quarantine Law in 1989. All these have made our health quarantine laws and regulations system increasingly complete. The quarantine law's implementation has played an important role in safeguarding the people's health and preventing the spread of infectious diseases.

As the country is now in a period of transition from the old to the new system, our health quarantine work also extends from quarantine examination to international travel medicine, disease and health control at ports, and hygienic supervision of imported foodstuffs. As the task of health quarantine becomes increasingly demanding, there are many new problems in both legislation and law enforcement that need to be studied and inquired into. A Frontier Health Quarantine Law Society was set up recently to enable our health quarantine law enforcement personnel to carry out theoretical study and inquiry into the Frontier Health Quarantine Law aside from fully enforcing it in practice, thus upgrading the law enforcement standard. The society will actively carry out theoretical studies and academic exchanges on health quarantine laws and regulations of different countries and analyze typical cases to provide a basis of reference for problems encountered by health quarantine personnel in law enforcement practice and to promote legal studies on health quarantine.

It has been learned that this year the State Health Quarantine Agency is also sponsoring, with Jilin University, a Master of Law course, which won the praise of Wu Jieping, vice chairman of the National People's Congress Standing Committee. He believes it is really meaningful for health quarantine organs, being law enforcement departments, to train transcenary qualified personnel for health quarantine law enforcement to upgrade health quarantine law enforcement and promote legal construction in our health quarantine. He said it will leave a glorious page in our health quarantine history.

Local Authorities Urged To Enforce Environmental Laws

HK0606081494 Beijing CHINA DAILY in English 6 Jun 94 p 1

[By Zhu Baoxia: "Polluters Warned of Criminal Penalties"]

[Text] In the latest move to stem pollution at its source, the central government is urging local authorities to take stern legal and economic action against violations of State environmental laws and regulations.

Individuals and companies that pollute the environment will face economic penalties, and serious cases must be prosecuted, said Song Jian, State Councillor and Director of the State Council's Environmental Protection Committee yesterday in Beijing.

In a speech marking World Environment Day, Song pointed out that the discharge of pollutants into the environment violates both public ethical standards and State laws. It harms the basic interests of all people and their offspring. He said it was a crime similar to smuggling narcotics or marketing fake medicine.

Song stressed that environmental protection must be based on legislative administration accompanied by scientific and technological advancement and economic development.

He also urged greater publicity to raise environmental awareness.

One step in this direction will be taken on Wednesday, when nine government ministries will jointly launch a TV programme of lectures on China's environmental legislation at China Central Television Station, Song said.

Commemorative activities were held throughout the country on the global day, whose theme was "one earth, one family."

The Zhongwei Sand-Fixation Forest Farm in Northwest China's Ningxia Hui Autonomous Region received national focus, since it was honoured as one of the "global 500" projects by the United Nations' Environment Programme (Unep).

Since 1987, 16 individuals and units in China have won the title, which commemorates contributions to environmental conservation.

For the past three decades, the farm has successfully protected the railways from Baotou in the Inner Mongolia Autonomous Region to Lanzhou in Gansu Province. In addition, it has turned 280,000 hectares of desert and sandy land into oasis and farmland.

The forest farm's techniques have been copied in other provinces and autonomous regions, as well as foreign countries.

Also yesterday, the National Environmental Protection Agency (NEPA) and the All-China Women's Federation jointly sponsored a national meeting on Women and the Environment in Beijing.

One hundred women were praised for their contributions and achievements in the country's environmental protection work.

Participants drew up a National Environment Declaration for Chinese Women, which called upon women throughout the country to devote themselves to global action against pollution and to preserve the ecological balance.

The declaration says that Chinese women—comprising one-10th of the world population—should take responsibility for the sustainable development of the global environment.

The day also featured the opening of a three-day China-United States seminar on environment surveillance administration and technology.

Women's Federation Marks Environmental Day in Beijing

OW0606043894 Beijing XINHUA Domestic Service in Chinese 0833 GMT 5 Jun 94

[By reporter Zhu Youdi (2612 1635 2769)]

[Excerpt] Beijing, 5 Jun (XINHUA)— The first meeting on Chinese women and the environment was held today at the Great Hall of the People in Beijing in conjunction with a meeting to mark the "June 5th" World Environment Day. Addressing the meeting, State Councillor Song Jian called for increasing society's awareness of the environment, stepping up propaganda and education, and fostering environmental ethics. He urged every woman to enthusiastically take part in the great cause of developing the economy and protecting the environment and to create a better tomorrow with concerted efforts.

The meeting was jointly sponsored by the State Environmental Protection Bureau and the All-China Women's Federation with a view to enhancing, among the broad ranks of women, the understanding of environmental problems, increasing their environmental awareness and enlisting their participation in the environmental cause.

and in advancing China's environmental undertakings. Song Jian said: Women play an irreplaceable role in the modernization drive. Mothers exercise the most direct influence on the youngsters and children—the future of society. We must build such a consensus in society; that is, polluting the environment is a behavior that runs counter to social ethics and the standards of the law and infringes upon the fundamental interests of the broad masses of the people and future generations. Participation of tens upon millions of women in the cause of economic development and environmental protection will have a major impact on the family, society, and, in particular, the youngsters and children.

Cheng Siyuan, National People's Congress Standing Committee vice chairman, and Qian Zhengying, National Committee of the Chinese People's Political Consultative Conference vice chairman, were present at the meeting and spoke. [passage omitted]

Commentary Greet 5 Jun World Environment Day

HK0406060094 Beijing CHINA DAILY in English 4
Jun 94 p 4

[CHINA DAILY Commentary: "Environmental Defence"]

[Text] Tomorrow (June 5) is World Environment Day. It is a day aimed at increasing people's awareness about the importance of environmental protection around the globe.

China, with its vast territory and large population, has a duty to keep the air fresh and water clean in this part of the world.

Back in 1973, China convened its first national conference on environmental defence. In the early 1980s, environmental protection was made a basic concern of the State. Since then China has paid close attention to environmental protection while developing its economy.

Over the last 12 years the economy has grown rapidly yet its environment has not deteriorated. This has brought great benefits to the people.

Realizing the importance of a concerted effort in the battle to protect the environment, China has forged close relations with relevant world bodies.

In response to the call of the Earth Summit, held in Rio de Janeiro in 1992, China published a white paper earlier this year entitled: "Population, Environment and Development in the 21st Century." Dubbed "Agenda 21," the proposal lists 63 projects, including the cleaning of smokestacks, saving farm land from soil erosion, protecting endangered species, and the development of sustainable oil reserves.

In February, China endorsed three international resolutions banning the disposal of radioactive and industrial wastes at sea.

Laws and regulations have been adopted, creating a legal framework for environmental protection.

The Chinese Government has vowed to further strengthen legislation and increase investment in this regard to help bring about sustained economic development.

Spending on environmental protection is to be raised from the current 0.7 percent of the gross domestic product (GDP), or 20 billion yuan (\$2.3 billion), to 1 percent of GDP by the year 2000.

Like other developing countries, China still has a long way to go before radically improving its environment.

Despite efforts made, factories in China are discharging 6.85 million tons of sulphur dioxide annually, the second highest amount in the world. Six billion tons of solid waste are piled up across the country and soil erosion caused by the misuse of land affects almost 20,000 square kilometres a year.

Because many people continue to be indifferent to environmental defence, laws and regulations are often not implemented and in some cases simply ignored by some local authorities. This is one of the main problems faced by those carrying out China's environmental protection work.

A tightening-up of the issue is needed. Enterprises which actively treat their pollutants should be commended while those who refuse to do anything about it should have their operations shut down and their management fined.

In its bid to protect the environment, China has received foreign help. In the past decade, the World Bank, the Asia Development Bank, and global environmental foundations have provided over \$1 billion in grants or low-interest loans to finance China's environmental protection projects.

Such help is much appreciated.

As envisaged by "Agenda 21," industrial pollution in China will be completely controlled by the year 2000. Such an achievement will be an important contribution to the world. And China will not relax until it has succeeded in its task.

Sciences Academy To Name Foreign Academicians

OW0506144794 Beijing XINHUA in English 1437
GMT 5 Jun 94

[Text] Beijing, June 5 (XINHUA)—The first group of foreign academicians is to be elected during the seventh academicians' assembly of the Chinese Academy of Sciences.

According to Zhou Guangzhao, president of the Chinese Academy of Sciences, this is in accordance with international norms in the science and technology circle.

Zhou said that the election of foreign academicians helps science in China to make progress in the process of internationalization and will add new vitality to the academy.

Foreign academicians of the Chinese Academy of Sciences are those foreign scholars who enjoy high international academic positions and have made great contributions to China's scientific development, according to Zhou.

Customs Revises Regulations on Clean Government

OW0406124694 Beijing XINHUA Domestic Service in Chinese 0803 GMT 3 Jun 94

[Text] Beijing, 3 June (XINHUA)—Customs personnel are forbidden: to demand reimbursement from recipients of their services for all kinds of personal expenses incurred; to use their powers of office to provide preferential terms or convenience beyond policy regulations for their spouses, children, relatives, or friends to do business or import or export commodities; and to serve as paid intermediaries. These are the new demands on all customs personnel in the revised "Customs Regulations on Maintaining a Clean and Honest Government" recently promulgated by the General Administration of Customs.

Customs first enacted and promulgated the "Customs Regulations on Maintaining a Clean and Honest Government" in 1990. In the course of implementing these regulations, it was discovered that dishonest acts occurred mostly during contact between customs personnel and recipients of their services. Based on this, Customs enacted and promulgated in 1991 the "Regulations Governing Specific Problems During Contact Between Customs Personnel and Recipients of Their Services." These two regulations played an important role in regulating customs personnel's conduct, rectifying malpractice in customs departments, and promoting the construction of clean and honest customs administration. In light of the development of the situation and the characteristics of customs departments, Customs again amended the two regulations to make them more oriented toward current problems and more practicable.

While retaining most of the original contents, the revised regulations also incorporate the requirements for maintaining honest and clean government reiterated and practiced in customs departments over the past year. They include: Customs are forbidden, without exception, to engage in service trades, with the exception of logistics and science and technology services; to demand, for any reason, assistance from recipients of their services; to take part in highly expensive entertainment sponsored in their honor by recipients of their services; and to intercede for someone else or interfere in law enforcement during customs investigations.

Science & Technology

Jiang Zemin Speaks at Engineering Academy Opening

OW0306154894 Beijing XINHUA in English 1531 GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—The Chinese Academy of Engineering (CAE), the country's highest institution in the field of engineering technology, was inaugurated today at the opening of the seventh academicians' conference of the Chinese Academy of Sciences (CAS).

During the first grand gathering of the two academies, scientists and engineers will explore China's future development in science and technology and elect the first batch of foreign academicians for the CAS, the country's top scientific body, as well as elect its president and vice-presidents.

All the seven members of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee—Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing and Hu Jintao—met with the academicians present at the two conferences and posed for a picture with them.

Jiang Zemin, general secretary of the CPC Central Committee, congratulated them on the inauguration of the CAE and the holding of the seventh academicians' conference of CAS.

Jiang called the period from now until the middle of the next century a great historical period for the invigoration of the Chinese nation.

He said it is imperative to rely on scientific and technological advances to achieve the economic and social development, well-being of the people and prosperity of the nation, in a country with the world's largest population, weak foundation and relatively lower stock of natural resources, he said.

The establishment of the Chinese Academy of Engineering, he noted, will give scope to the creativity of engineers and help promote the research, design, construction and operation of the engineering technology, said Jiang.

In his address to the conference, Premier Li Peng said China will unswervingly implement the guiding principle of Deng Xiaoping's thesis: "Science and technology is the first productive force," adhere to the principle that "economic construction should rely on science and technology while science and technology must serve economic construction".

He said the target of China's scientific and technological restructuring is to build a new structure which goes with the development of the socialist market economy and the

development value of science and technology, integration of science and technology with the economy so as to promote scientific and technological advances.

He expressed the hope that CAS and CAE will work together to make greater contributions for the modernization of the country.

Lu Jiaxi, vice-chairman of the Standing Committee of the National People's Congress, and honorary chairman of the Presidium of CAS, delivered an opening speech at the conference. Zhou Guangzhao, president of CAS, and Zhu Guangya, executive chairman of the Presidium of the inauguration conference of CAE, made their work reports to the conference.

During the conference, the Chinese scientists will elect the first batch of foreign academicians for CAS, amend and pass "the Academicians' Constitution of CAS" and issue the Hua Luogeng Science Award.

"The Constitution of CAE" will be discussed and drafted during the current conference.

Among those present at today's conference were also Zou Jiahua, member of the Political Bureau of CPC Central Committee and vice-premier, Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the CPC Central Committee, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, Luo Gan, state councillor and secretary-general of the State Council, as well as Qian Weichang and Qian Zhengying, both vice-chairmen of the National Committee of the Chinese People's Political Consultative Conference.

Li Peng Hails Founding of Engineering Academy

OW0306155594 Beijing XINHUA in English 1533
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—Premier Li Peng hailed today the inauguration of the Chinese Academy of Engineering (CAE) and the opening of the seventh academicians' conference of the Chinese Academy of Sciences (CAS).

Addressing the inaugural meeting, the premier said that the founding of the CAE is a major event in the scientific, technological and engineering communities and of great significance for China's socialist modernization drive.

He lauded the great contributions the Chinese technological and engineering communities have made to the country's economic construction and national defence since the founding of New China in 1949.

Li pointed out that China has done a good job in many fields of engineering and technology and trained large numbers of outstanding workers in science and technology.

For this reason, the premier said, the founding of the CAE, with outstanding experts in technological communities as its mainstay, will have a far-reaching impact on improving their social status, on arousing their enthusiasm and on stepping up the country's development of engineering technology.

Li noted that the CAE is most honorable, consultative academic organ in China's engineering communities.

He hoped that the CAE, entrusted by the central government, will give advice and suggestions on the state's major scientific and technological projects and programs, and on research and studies on major development issues.

He also hoped the CAE will make active contributions to implementing the government's policies and principles on the work of science and technology, and to academic exchanges and cooperation at home and abroad.

To further facilitate international exchanges and embody the authoritative and honorary status of the CAS membership system founded in 1955, the State Council decided to grant the CAS members the official title of "academicians", which is an international practice, while the academicians system will be carried out in the CAE, the premier said.

He said the first batch of foreign academicians of the CAS is expected to be selected during the meeting.

Li said the concept of "science and technology is the first productive force" put forward by Deng Xiaoping, should be carried out unswervingly throughout the whole course of the socialist modernization drive.

He said that attention should be paid to three things: science and technology serving the country's economic construction, developing the high-tech industries and strengthening the basic studies.

The premier also highlighted the aim of reform of scientific and technological system as the establishment of a new system that suits the development of a socialist market economy, accords with the law of science and builds a close tie between science and technology and economy.

Talking about the international competition in science and technology, Li said that the CAE and CAS, the country's two top scientific bodies, should coordinate closely to make greater contributions to the country's modernization drive.

He also urged the government and party leaders at all levels to take more care of the work and life of scientists and technical workers.

Economic & Agricultural

Zou Jiahua Stresses Importance of Controlling Inflation

HK0306130794 Beijing ZHONGGUO XINWEN SHE
in English 0915 GMT 3 Jun 94

[Text] Beijing, June 3 (CNS)—Chinese Vice Premier, Mr. Zou Jiahua, speaking at a conference on price inspection nationwide, stressed that the curbing of inflation and price-hike was a matter of prime importance in the country and a long-term policy to be adhered to by the government in the future.

Mr. Zou held that stability of prices was an important condition for social and economic stability in the country. Despite of the weakened growth of prices in recent times, the controlling of inflation and the stabilizing of market and prices at present remained an important task for properly handling of relationships between reform, development and stability.

Talking on how to deal with the relationship between the intensifying of price reform and the strengthening of administration over prices, the vice premier refuted the concept that the price reform was but to leave prices open, and as long as prices were freed, the reform in this sector was completed and there was no need for the government to impose price control. He expounded that the price reform was to transform the old price-formulating mechanism to one with the market force as its core, to streamline the price system to one able to reasonably dispose resources and to change the traditional price management system to one for controlling and regulating prices in which the government only played an indirect role. In order to realize this goal, measures of regulating, opening and controlling prices should be adopted simultaneously. Mr. Zou added that, even if the price reform was completed, the state would still administer prices in various forms of commodities which were monopolized by the state and of service businesses. Such practice had been very popular actually in many developed countries where market economy has been in operation.

In order to give more impetus to the campaign of the price inspection in the country, the working group in charge of the inspection campaign under the State Council would in mid-June again go to various provinces, autonomous regions and municipalities to supervise and guide this work and carry out the plan drawn up at the conference.

Zou Jiahua Comments on Commodity Price Inspection

OW0306190394 Beijing XINHUA Domestic Service in Chinese 1009 GMT 2 Jun 94

[By RENMIN RIBAO reporter Fei Weiwei (6316 0251 0251) and XINHUA reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 2 Jun (XINHUA)—Vice Premier of the State Council Zou Jiahua affirmed the achievements of the general inspection of commodity prices at an earlier time at the national conference on general inspection of commodity prices which ended today. He put forward a clear demand on continuing to do a good job in the general inspection of commodity prices.

Zou Jiahua pointed out: Through concerted efforts by various departments, the general inspection of commodity prices in the earlier period was carried out in a smooth manner. A number of cases concerning commodity prices which violated the related law were investigated and due punishment was meted out, and some erroneous practices of wanton raising of commodity prices and wanton collection of fees were rectified. Those efforts have made producers and operators strengthen their internal management concerning prices and improved the order of commodity prices and the market. They have played an active role in ensuring market stability, reducing prices of commodities, and easing the people's minds, and have also created a favorable economic and social environment for the smooth implementation of various major reform measures.

Zou Jiahua said: Despite the fact that recently the trend of inflation has been alleviated, the tasks of controlling inflation, stabilizing the market, and reducing commodity prices are still crucial links in correctly handling relations between reform, development, and stability. To continue doing a good job in the general inspection of commodity prices, we must further unify our thinking and understanding and enhance our consciousness of doing a good job in the general inspection. The most important thing is that we must correctly understand and handle relations in the following three aspects:

1. We should correctly understand and handle relations between the deepening of price reform and the strengthening of control over commodity prices. To establish a socialist market economy, we must carry out reform of the price system. To put it briefly, we should change the mechanism in the formation of prices and establish a mechanism of deciding prices primarily through market regulation, we should straighten up the price system and establish a system of comparable prices which can reasonably allocate resources, and we should reform the traditional price management system and establish a price adjustment system controlled indirectly by the government. To realize those goals in reforming the price system, we must adhere to the policy of integrating "adjustment, relaxation, and control" of prices. We should have control over the adjustment and relaxing of prices to ensure that there will not be a disorderly situation while having flexibility in the price system. Even when the task of reform of the price system is completed, the state must still have control over the prices of certain commodities and services with a monopolized or welfare nature. We must not let the prices of those commodities and services go astray.

2. We should correctly understand and handle the relations between supervision and inspection of commodity prices and the reform and administration of prices. When the prices of most commodities are decontrolled, the task of price reform is still not completed. We must continue to change the price mechanism and raise the prices of basic products [ji chu chan pin 1015 4342 3934 0756] and facilities in a planned and systematic manner, and further straighten up the price system. Meanwhile, we should establish and perfect a new price adjustment and control system and management methods to suit the new situation of decontrol of prices. This is an urgent task in price reform today. At present, the problems of manufacturing and selling fake and shoddy commodities to earn big profits, wantonly raising prices, and monopolizing the market are still quite conspicuous. Those problems have aggravated inflation. We must, through the general inspection of commodity prices, guide the behavior of setting prices. Reaping staggering profits and cheating are not in accord with the requirement of the law of a market economy and must not be allowed. We must take a clear-cut stand to oppose and stop such behavior in setting prices.

3. We should correctly understand and handle relations between the adjustment in the management of the price system and economic growth. The purpose of conducting general inspection of commodity prices and implementing the adjustment and regulation of commodity prices is to improve the order of commodity prices in the market, control the excessive rise of commodity prices, and promote economic development in a fast and sound manner. This is favorable to the overall economic situation and economic development in various locales. All locales and departments must subordinate their interests to the interests of the whole, unify their thinking, and take coordinated actions.

Zou Jiahua emphatically pointed out: In conducting the general inspection of commodity prices, we must have a clear goal and pay attention to key problems. The principal leading comrades of governments at various levels must personally pay attention to the work, and leading cadres in charge of the work must be responsible for the work, make proper arrangements for the general inspection of commodity prices, create favorable conditions for the execution of duties by price inspection personnel, and help inspectors solve difficulties and problems in their work. Various departments under the State Council should seriously implement the guidelines of the "State Council Circular on Carrying Out the General Inspection of Commodity Prices Throughout the Country," adopt concrete measures to coordinate with commodity price departments, give full play to the advantage of joint efforts of all departments, and ensure the smooth implementation of the general inspection of commodity prices.

In conclusion, Zou Jiahua asked various locales to attach great importance to the passing of related laws on price and manage the price system in accordance with the law as quickly as possible. In particular, it is necessary to step

up efforts to draft a "law on commodity prices," enacting laws and regulations on opposing fraud, opposing staggering profits and monopolized operation, and formulating rules for supervising and inspecting commodity prices. We should gradually standardize and institutionalize the management, supervision, and inspection of prices. Price inspection personnel must exercise laws in a strict manner, be honest, have self-discipline, actively explore new ways and methods in inspecting commodity prices according to the law of the market economy, and make still greater contributions to stabilizing the overall situation, deepening reform, and promoting development.

To further promote the deep-going development of the general inspection of commodity prices, the State Council's working group on the general inspection of commodity prices will go to various provinces, autonomous regions and municipalities in mid-June to supervise and guide the work and implement various arrangements made by the current conference.

Zou Jiahua Discusses Service Sector Inspection

OW0406143294 Beijing XINHUA in English 1401
GMT 4 Jun 94

[Text] Beijing, June 4 (XINHUA)—Data processing by computer and information analysis will be carried out in 1994 as China's general investigation of the service industries enters its second phase.

Addressing a telephone conference on the subject here today, Vice-Premier Zou Jiahua said that this phase demands more high-level technology, professional knowledge and more hard work.

He said that since the second half of 1993, the general investigation has been carried out smoothly by three million investigators all over China.

"The investigation of the first phase has been fulfilled successfully," Zou said, thanking all the individuals who had contributed to it.

He pointed out that this investigation is another of China's national strengths, following the census and the general investigation of industry.

He said that the abundant and accurate information from the investigation is a valuable resource for China.

"The utilization of the information must be treated as very important by the country's governments at all levels," he said.

Zou Jiahua Comments on Service Industry Survey

HK0606081394 Beijing CHINA DAILY in English 6
Jun 94 p 1

[By Wu Yunhe: "Survey of Service Sector To Help Plan Labour Force"]

[Text] An ongoing nationwide survey of China's service industry, scheduled for completion by year's end, is expected to produce key guidelines for the country's redistribution of its huge labour force, a senior official has said.

China's service industry, which is far from fully-developed and lags behind the fast-growing economy, is widely viewed as the major outlet for the millions of surplus urban and rural labourers in this country of 1.2 billion people.

This unprecedented examination of the service sector, launched last August and involving some 3 million people compiling data at the grassroots level, has achieved initial success, a conference was told on Saturday [4 July].

Its progress is being closely watched by the government, which believes the results will enable it to assess the potential of the country's service industry and plan its future development, according to Vice Premier Zou Jiahua.

Speaking at a national telephonic conference held in Beijing on Saturday, Zou noted that he believes the nationwide survey will reflect the real conditions of the country's service sector.

It queries all individual businesses and service companies operated by the government, industrial and agricultural enterprises, military units and private, business people.

The survey covers conditions of transportation, finance, insurance, telecommunications, real estate information, technology and education.

Computerized data processing and information analysis is the major task this year for the survey, which is being jointly conducted by the State Planning Commission and the State Statistics Bureau.

Zou pointed out that this will be the country's third type of major national survey, in addition to the population census and the industrial survey completed a few years ago.

Analysts say the government's effective macro-economic control of the service industry will help in relocating the country's surplus labourers.

At present, more than 25 percent of the country's industrial employees are considered surplus according to production needs, they added.

Meanwhile, another 100 million farmers also are considered surplus because they have no land to farm.

Government officials say the nationwide survey is a prelude to developing a socialist market economy system.

Zhang Sai, director of the State Statistics Bureau, said China needs to build various free-trade markets

involving the production materials, finance, technology, business information and real estate sectors.

He noted that the survey is vital to improving the service industry which will in turn attract more foreign investment, technology, equipment and talent.

Furthermore, the survey is expected to establish advanced statistics systems that can guide the service industry and economy in the future.

Li Lanqing Views Administering Bonded Zones

OW0506164494 Beijing XINHUA Domestic Service in Chinese 1338 GMT 3 Jun 94

[By reporter Li Jianchang (2698 1696 2490)]

[Text] Tianjin, 3 Jun (XINHUA)—At a national work forum on bonded zones today, CPC Central Committee Political Bureau Member and State Council Vice Premier Li Lanqing stressed the need to seek unity of thinking as well as standardize and improve bonded zone administration to really make such zones new growth points for China's open economy that will spur on regional economies and promote development of the open economy.

The national work forum on bonded zones was held in Tianjin.

After giving a briefing on the sustained, rapid growth of our foreign trade, Li Lanqing fully affirmed the achievements of the bonded zones since they were introduced more than two years ago. He said: The bonded zones were a result of our efforts to draw lessons from current international practice—including the advantages of bonded warehousing, export processing zones, and other administrative models—as well as a new kind of pilot project for opening up China's economy under prevailing national conditions. Over the past two years, the bonded zones have demonstrated their unique advantage and played a positive role in attracting foreign investment; exercising the functions of export processing, transit trading, and warehousing; promoting convergence of the domestic and international markets; spurring on regional economic development; and other areas. The bonded zones' unique position, advantage, and demonstrative effect are increasingly pronounced in the overall pattern of China's opening up to the outside world.

Since 1991, our nation has approved the establishment of 13 bonded zones covering a total area of 17.62 [as received] square kilometers. Most of these bonded zones have been put into operation. By the end of March 1994, these bonded zones have approved the establishment of a total of 5,813 enterprises involving \$8.8 billion in investment and handled the import and export of goods worth \$1.74 billion.

Li Lanqing pointed out: Although the bonded zones have achieved great results, there remain many unstandardized and flawed practices in our bonded zone system as compared to current international practice and these practices have restricted healthy development of our bonded zones. He proposed solving these problems from two aspects.

First, we should have a correct understanding of and give full play to the three basic functions of bonded zones. In other words, we should give full play to their export processing function, try hard to develop their international transit trading function, and give active play to their function in providing trade services such as warehousing and commodity display. Particularly in bonded warehousing, it is necessary to, in the light of domestic demand, properly and purposefully store up agricultural chemicals, petroleum products, and other important commodities for use as contingency supplies. These basic functions are the bonded zones' major distinctions from economic development zones and special economic zones.

Second, we should further standardize and improve bonded zone administration. The present administrative system of most bonded zones calls for further improvement. A bonded zone should be a specially designated zone under the supervision and jurisdiction of customs and be regulated mainly by the customs and bonded zone administration committees instead of all kinds of administrative and law enforcement organs. Furthermore, the administrative rules and regulations for bonded zones are not complete or standardized. So far, there has yet to be a unified and complete set of rules and regulations for the 13 bonded zones across the nation, and this has hampered their healthy development.

Li Lanqing especially stressed: All bonded zones should study and draw up their own development direction and strategy based on individual characteristics and conditions to give full play to their overall relative advantage and spur on regional economic development.

He said: If we are to bring about healthy and orderly development of bonded zones, we must standardize administration. Generally speaking, we should refer to current international practice when standardizing bonded zone administration and build our bonded zones into a point of convergence and a mixture of the international and domestic markets to gear business operators directly to the needs of the grand international market. With the exception of commodities under state import and export bans and rationing, goods and capital may flow freely between the bonded zones and the international market. It is necessary to exercise effective and tight control over the flow of goods and capital between the bonded zones and other parts of the country in strict accordance with stipulations by relevant state policies, to build the bonded zones into a new model for developing an externally oriented economy with complete institutions, simple and convenient formalities,

quality services, and highly effective and tight administration. To this end, we should stress the following principles:

Reform the administrative system for bonded zones; simplify the customs' supervisory and administrative formalities and enhance self-discipline among business operators; suit monetary policy for bonded zones to their peculiar needs; employ advanced technology to improve administrative means and strengthen administration; and pay particular attention to resolutely cracking down on unlawful smuggling activities.

In conclusion, Li Lanqing emphatically pointed out: In issues related to bonded zones, we must properly handle matters that should be handled and firmly refuse to do things that should not be done. We must do good things properly and never spoil them.

After the meeting, Vice Premier Li Lanqing visited the ongoing "1994 Export Commodity Fair of Tianjin, China" in the company of Tianjin Municipal CPC Secretary Gao Dezhan and Mayor Zhang Lichang and held an informal discussion with the heads of trading delegations from various localities on existing problems in foreign trade. Li Lanqing also inspected the Tianjin Customs and had lunch at the canteen together with customs personnel.

Li Tieying Visits Four Beijing Companies

OW0306183494 Beijing XINHUA Domestic Service in Chinese 1402 GMT 2 Jun 94

[By reporter Liu Puquan (0491 3184 3123)]

[Text] Beijing, 2 Jun (XINHUA)—Li Tieying, member of the CPC Central Committee Political Bureau, state councillor, and minister in charge of the State Economic Restructuring Commission, and Chen Xitong, member of the CPC Central Committee Political Bureau and secretary of the Beijing municipal party committee, today visited some enterprises in Beijing to investigate and study the means of establishing a modern enterprise system.

Full of zest, Li Tieying and Chen Xitong viewed the progress made by the Beijing Department Store (Group) Limited Company in Wangfujing, the Beijing Tongrentang Group Company, the Beijing Chemical Industry Group Company, and the Beijing Peony Electric Group Company in establishing a modern enterprise system. They also held informal discussions with Zheng Wanhe, Tian Yumin, Sun Zhenyan, and Chen Jie, the general managers of the four enterprises, regarding the establishment of a modern enterprise system.

In recent years, the four enterprises carried out plenty of preparatory work as they explored the means of establishing a modern enterprise system. Li Tieying fully affirmed their efforts.

Li Tieying said emphatically: A fundamental way to lift state-owned enterprises out of their predicament is to establish a modern enterprise system. He hoped that enterprises in Beijing would keep exploring boldly, intensify research, constantly sum up experience, and explore a microeconomic course for organically combining public ownership with the market economy while bearing in mind the need to solve their existing practical problems.

The Beijing Department Store has evolved into a limited company engaged in 10 major lines of business, including commerce, production, processing, advertising, and stock business. Grouping scientific, industrial, trading, production, supply, and marketing operations, the Beijing Tongrentang Group Company sells its products nationwide, as well as to more than 40 countries and regions. The Beijing Peony Electric Group Company has joined the nationwide ranks of electronic industries, acquiring a capacity to produce 1 million color television sets, its leading product. Last year, the Beijing Chemical Industry Group Company achieved 5.28 billion yuan in total industrial output value, posted 500 million yuan in profits and taxes, and took in \$40.50 million in export-generated foreign exchange, ranking second in the country's 100 large chemical groups in terms of composite economic efficiency.

Circular Warns Against Obstructing Price Inspection

OW0506074594 Beijing XINHUA Domestic Service in Chinese 0624 GMT 4 Jun 94

[Text] Beijing, 4 Jun (XINHUA)—The State Planning Commission, the Supreme People's Procuratorate, and the Public Security Ministry recently issued a joint "Circular Concerning Lawful Punishment of Criminal Offenses Against Price Inspection Personnel in Executing Official Duties."

The circular points out: Lately, vicious incidents of jointly beating price inspection personnel have occurred frequently, posing a threat to price inspectors in executing their official duties, directly impeding normal operations of the general price inspection, and causing serious social repercussions. To ensure smooth progress of the general price inspection, price departments and public security and procuratorial organs at all levels must investigate and handle cases of using violence or coercion to obstruct price inspection once they are discovered, dealing with them resolutely to ensure the personal safety of price inspectors and the smooth progress of price inspection.

The circular says: Public security and procuratorial organs at all levels must enforce the law and handle cases strictly according to the law. Cases of obstructing price inspectors from performing official duties, which constitute an offense against public order, must be duly handled by public security organs according to the relevant provisions in the "Regulations Governing Punishment for Offenses Against Public Order." Once facts are

verified and evidence proven, cases of using violence and coercion to obstruct price inspectors from performing their official duties should be promptly examined and transferred by the public security organ to the procuratorial organ for approval to arrest, indictment, and investigation of offenders' criminal responsibilities according to the law. In the course of handling cases, price departments and public security and procuratorial organs in all localities should step up the publicity and education, teaching business operators to conscientiously abide by various government price policies and regulations, to engage in lawful operations, and to voluntarily accept price inspection. Price-inspecting offices at various levels should strengthen education on the legal system among price inspectors to enhance their level of law enforcement and enable them to perform duties strictly according to the law.

State Firms Evade Ban on Oil Imports

HK0506075694 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English 5 Jun 94 p 5

[By Julian Brutus]

[Text] Hundreds of thousands of tonnes of oil and petroleum products are entering southern China despite a blanket ban on crude-related imports. Traders estimate at least 500,000 tonnes (4.4 million barrels) of fuel oil arrived in the country in May alone and a similar amount is expected this month. The state-owned giant, Unipet, which distributes oil products, including diesel and petrol, is one of the key importers along with independent traders, according to Hong Kong analysts and traders.

Mainland authorities decreed a two-month ban on imports of oil and petroleum at the start of May in a bid to reimpose central control on the sector and push down rising inflationary pressures. The key area of concern was a growing number of independent operators importing oil products for speculative purposes and selling it at vastly inflated prices.

But the ban aimed at choking off these independent oil traders, appears to be regularly flouted by the state companies, independents and some large multinational oil companies with a steady flow of products still reaching the mainland. "Originally, small lots (of diesel) were transported in barges up the Pearl River," one source said. "But last week we heard of consignments of 10,000-20,000 metric tonnes being ordered. The larger quantities will probably be supplied by the majors."

Traders at several independent Hong Kong-based companies estimate that up to 40,000 tonnes of diesel alone entered China since the curb was imposed. The most common method used by independent companies to import crude products without official permission is to persuade port officials to turn a blind eye to the landing of a shipment. "In China, as in some other Third World countries, a job at a customs posts is given out as a

reward with tacit approval for any extra income the official may be able to manage," said a respected shipping commentator.

Shipments which are taken by pipeline to storage beyond port boundaries do not have to be declared as having been landed at the port. There are only a few ports in southern China where this is possible, the chief ones being Shanghai, Guangzhou, Ningbo, Xiamen, Maoming and Zhanjiang. All these ports are capable of accommodating oil tankers, and have extensive storage facilities.

Major international oil companies and the Hong Kong-based independent companies supply the booming industries in the Special Economic Zones (SEZs) on China's southern coast, which rely on diesel to power their generators. Both groups say diesel sales are increasing with most current Chinese requirements planned for June delivery.

But why is Unipac ignoring the government ban? In a word, expediency. "It seems there are exceptions to the ban," said one source. "If a company in, say, Guangzhou, can demonstrate that it has a requirement, the Government might say 'sure, go ahead'."

This is happening at the same time that Beijing maintains domestic stocks of these products are already high, and that importing them is a serious drain on the country's foreign exchange. Stocks in the north of the country—where oil is produced—do seem to be high, but the demand is in the south and the infrastructure is too poor to transport it efficiently.

In any case, domestic production cannot match supply, and the Government relies on the industries in southern China to generate foreign exchange. Imports of oil and products—which only began last year when burgeoning private enterprise increased domestic demand many times over—have played a large part in China's alarming 1993 US\$12.25 billion (about HK\$94.5 billion) trade deficit.

Last year, for the first time, China became a net importer of oil and products. About 10 per cent of the 1.1 billion barrels processed nationwide was bought on the spot market, mostly from Australia and West Africa. This proportion is forecast to rise dramatically this year. The Government has entered long-term agreements with Middle East states and is considering doing the same with Brunei.

In 1992, Sinochem—China National Chemicals Import and Export Corporation—exported 20.87 million tonnes of crude oil, and 4.28 million tonnes of oil products. In 1993, exports of oil and products were virtually nil; imports of crude oil were 14 million metric tonnes, and imports of products totalled 11 million metric tonnes. China's official imports of diesel in 1993 are put at 100,000 to 200,000 tonnes per month.

Increased imports are not entirely bad news for the exchequer, however. On May 7 this year Beijing set new ceilings for prices of domestic crude, diesel and petrol—900 yuan, 1,900 yuan and 2,430 yuan respectively—virtually doubling the existing prices and thereby bringing them closer to world spot market prices. These prices allow the Government to buy on the international spot market, add various taxes and then sell the products on the domestic market at the new prices.

A Singapore-based trader said the current ban on imports was aimed at the 200 to 300 independent Chinese companies that had been importing shipments which they sold for big profits and which had contributed to inflation. The first real casualties of the current ban seem to be the major oil companies hoping for a foothold in the Chinese market.

Beijing would like to limit the operations of foreign companies, and the companies see the current ban as the latest in a long list of difficulties they have to deal with. Recent reports have outlined several reasons why these firms find dealing with the mainland "a nightmare" and concluded by saying that the "gifts" required by bureaucrats are growing and therefore eating into profits. Oil companies were quoted as "having taken enough".

Other problems include import bans, reneging on contracts, price ceilings which have slashed profits and constantly changing official policy. Privately, many companies have also complained about the preferential treatment accorded to certain joint ventures and companies.

Analysts say the Chinese energy sector needs the raw materials, cash, expertise and technology that Western companies can provide, but Beijing is obviously determined to have the upper hand in all dealings. "The Chinese have a different attitude to doing business," said one source. "Western companies regard the signing for a contract as the end of a process; the Chinese regard it as a beginning."

"This used to trouble me, but I have grown to accept it now; it is the only way to continue doing business."

The agency report, however, makes it clear that the major companies have run out of patience, as some of them find their best efforts in China are resulting in losses instead of the expected profits. At least three majors are engaged in lawsuits worth more than US\$1 million each against a Chinese company that failed to honour spot deals.

Perhaps one should give Beijing the benefit of the doubt and accept that the Western oil companies are incidental casualties; after all, the Government's intention is to drive Chinese independent companies out of business. According to a document to be published soon, Beijing intends to buy up or close down these companies.

Spokesmen from Sinopec and Unipac admit that independent traders have succeeded in landing imports despite the previous and current ban. The officials, who

asked not to be named, said that only small quantities of oil and products were involved, and that the Government was not greatly concerned about the problem.

The official view of the quantities concerned may well be correct, but even if it does not make a significant impact on the overall economy, it shows Beijing has less control of the sector than it would like. "The Government may issue directives," said another Singapore-based trader, "but whether they will be carried out is another matter; connections play a very large part in getting business done in China."

What are the prospects of success for the Government? "Hard to say; I don't know enough about the mechanics of imposing government wishes. But I think that if the Government can't exercise more control over the energy sector they might as well pack up," said the trader.

Analysts say China's economic growth requires the finance and expertise of foreign oil companies, and pulling out of the country now would be foolhardy. The troubled state of the domestic industry was highlighted two weeks ago when the Huabei oil field near Beijing closed 21 inefficient wells and decided to run another 34 only intermittently to save money.

China currently produces 1.2 million barrels per day of the low-grade Daqing oil from Heilongjiang Province, and 600,000 barrels per day of slightly higher-grade Shengli from Shandong. This is about 142 million tonnes annually. Offshore output is expected to be 5.5 million tonnes this year.

On May 18, Beijing announced it had set aside 24 blocks of land covering 294,00 square kilometres for oil exploration by domestic companies. Two days later it opened 13 areas covering 40,000 sq km in the South China Sea for offshore exploration by foreign companies. It was the first time China had invited bids through acreage promotion, and the move was prompted by a lack of funding and inadequate technology. Exploration, however, is a notoriously long-term and uncertain operation.

State Council Approves Draft Law on Central Bank

OW0306131994 Beijing XINHUA in English 1252 GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—An executive meeting of the State Council today approved in principle a draft law governing the People's Bank of China, the country's central bank, and a draft auditing law.

The meeting, presided over by Premier Li Peng, agreed that the first draft law has been formulated to define the status and functions of the People's Bank of China, ensure the scientific formulation of China's monetary policies, tighten the supervision and management of the country's financial sector, and introduce and improve the central bank's macro-economic control system.

The 46-article law covers such areas as the character and functions of the People's Bank of China and its organizational set-up, renminbi (Chinese currency), supervision and management of the financial sector and accounting.

Participants in the meeting also agreed that the draft auditing law has been formulated to improve the auditing of the state revenues and expenditures and of finances related to state-owned assets, improve economic returns, maintain China's financial and economic order, and ensure healthy growth of the national economy.

The 47-article law covers such areas as the general principles of the auditing system, auditing departments and their staff, duties and functions of auditing departments, powers of such departments, auditing procedures and legal liabilities.

Following revisions the two draft laws will be submitted by the State Council to the Standing Committee of the National People's Congress for deliberation.

Circular Tightens Rules on Treasury Bond Sales

HK0506081894 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Jun 94 p 1

[By Ren Kan: "Rules on Bond Sales Toughened"]

[Text] China has taken tough action to apply the brakes to the short-selling of treasury bonds to ensure the market's smooth development.

The China Securities Regulatory Commission, the Ministry of Finance and the People's Bank of China jointly issued a circular recently calling on parties to "resolutely stop" the short selling of treasury bonds.

Local finance bureaus, branches of the central bank, and securities exchanges and centres must take effective measures against short-selling as of July 1.

The action was taken because some securities intermediaries are selling more treasury bonds than they actually own by issuing custody certificates to buyers.

This practice in effect expands the total amount of treasury bonds, endangering the country's macroeconomic management and investors' interests.

According to the circular, which will go into effect on July 1, the treasury bonds traded over the counter should be the paper bonds issued by the State and not the custody certificates.

Institutions trading bonds through securities exchanges or centres should put all their bonds, paper and paperless, under the central custody centres of the exchanges and trading centres.

Only after that will they be able to trade their bonds on exchanges or State-approved electronic securities trading systems.

If securities trading institutions issue custody certificates, they should have an equal amount of note bonds.

If institutions have fewer paper bonds than the amount registered in the certificates already issued, they should make up the gap by June 20.

Holders can exchange their certificates for paper bonds any time. No certificate issuer can refuse a request.

The circular requires the Shanghai and Shenzhen securities exchanges and all local securities trading centres to draft their own self-regulating rules. These regulations will be reported to the Ministry of Finance.

Bond-trading institutions violating the circular's stipulations will be suspended from doing business for three months to a year.

Bond-trading institutions are responsible for arranging to be examined by the Ministry of Finance, the People's Bank of China and the China Securities Regulatory Commission.

Trading institutions should set up different accounts for custody bonds and self-dealing bonds.

Government To Standardize Value-Added Tax Receipt

HK0606081794 Beijing CHINA DAILY in English
6 Jun 94 p 1

[Text] A standardized receipt for the value-added tax designed with tough fraud-prevention techniques will be introduced to taxpayers nationwide beginning in July, according to an official announcement by the State Administration of Taxation released yesterday.

The receipt has three different versions: a Chinese version (including the Tibetan and Uygur language versions), a Chinese-English version and a computerized version.

The Chinese and Chinese-English versions both include three different forms, covering tax values of 10,000 yuan (\$1,150), 1 million yuan (\$115,000) or 10 million yuan (\$1.15 million).

The receipts are made by the money printing company under the People's Bank of China, the central bank. Enterprises or individuals are forbidden to print the receipt themselves.

The former receipts will be invalidated as soon as the new receipts are issued, the announcement says.

Any enterprises or individuals who illegally forge, sell or lend the receipts will be severely punished.

China launched a nationwide tax reform at the beginning of the year, aimed at setting up a fair taxation system to readjust the industrial structure and promote equal competition, according to tax officials.

A new business tax with the value-added tax as its major component is the main element of this taxation reform.

Top Arms Manufacturer To List on Irish Exchange

HK0506074794 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English
5 Jun 94 p 3

[By Kerry Wong]

[Text] China arms maker North Industries Corporation (NORINCO) has set up a fund to be listed on the Irish Stock Exchange to raise US\$170 million (about HK\$1.326 billion) [Hong Kong dollars]. NORINCO is a wholly-owned subsidiary of China's defence ministry, which has a number of investments that have been transformed from military applications to manufacturing civilian products. None of the money raised will be used for military purposes.

The closed-end fund is being placed to both local and European institutions and is due to list in Ireland next month. NORINCO will issue 16.5 million units at US\$10.30 (about HK\$79.50) each. H.G. Asia will act as arranger of the issue. The proceeds from the issue will be used for joint ventures under NORINCO. The corporation has a number of joint ventures and subsidiaries, mainly industrial projects, such as the manufacture of motorcycles and optical equipment.

One of its subsidiaries, Jialing Motorcycle Plant based in Sichuan province, is a well-established motorcycle manufacturer on the mainland. Other industries include optical equipment manufacturing, with technology that was originally applied for military use, such as in the production of telescopes and glass for aircraft.

NORINCO will be carrying out fund-raising exercises in phases. This is the initial phase, to raise US\$170 million to invest in enterprises engaged in the manufacture of cars. A further fund-raising exercise is expected in the next couple of years. NORINCO, which is directly under the State Council, comprises 157 state-owned industrial enterprises with fixed assets of 60 billion yuan (about HK\$52.8 billion).

The corporation has been very active in car manufacturing and related industries. Last year, NORINCO signed a joint-venture agreement with Hong Kong-based financial services and investment company Pacific Group to set up car parts factories on the mainland. They comprise three plants in Changchun, northeast China, and eight in Chongqing, Sichuan province, which between them produce brakes, clutches, starters, transmissions, universal joints and other parts.

Merchant bankers said that there had been many fund-raising activities by mainland companies in the last 12 months. These funds may attract overseas investors as the demand still exceeds supply. However, more Chinese

enterprises are seeking funds to finance their development and expansion, and the Chinese Government placed controls on credit to curb inflation in the middle of last year.

Given that it was almost impossible to borrow from banks, many borrowers had to pay very high interest rates of between 20 and 30 per cent to get short-term funds, he said. [as published] Apart from paying higher costs, however, these borrowers could only temporarily ease their cash crunch, he added.

With more mainland enterprises seeking funds overseas, there will be a large number of China projects available on the market. "Investors tend to buy selectively on quality projects, so China concept stocks may not be guaranteed a warm reception now," he said. "The time spent on listing work is shorter and easier, and the listing costs are cheaper in Ireland," said a European fund manager.

The Stock Exchange of Hong Kong requires companies to possess a three-year track record and a minimum market capitalisation of \$50 million. There is a current proposal to raise capitalisation requirements to \$400 million.

Authorities To Implement 'Coaching Period' for Firms

HK0606071094 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 6 Jun 94 p 3

[By Christine Chan]

[Text] Mainland brokerages may have to play their part in Beijing's plan to enforce two compulsory six-month guidance periods for mainland candidates seeking a listing—one before and one after their listings. China's top securities watchdog, the China Securities Regulatory Commission, has called on listed companies to standardise their operations and suggested a six-month "coaching period" to guide companies both before and after they list.

A senior official of a Shanghai brokerage said the six-month coaching periods before and after listing would probably be included in the supplementary provisions to the Securities Law. Although details of the guidance procedure had yet to be officially announced, he said Beijing's securities authorities were aiming to improve the quality of companies through the proposed system.

The brokerage official speculated that mainland stockbroking houses would be designated as "coaches" because they were more familiar with the companies, compared to securities authorities. In addition he said companies would be more willing to accept guidance from brokerages rather than securities authorities because the former were comparatively more independent and the latter more official. "It is highly possible that some stockbroking houses will become coaches for

listing candidates," he said, pointing to the big brokerages with good performance records.

The official expected there would be requirements on what was a qualified coach and on the procedures and goals for coaching. He speculated that the chances for foreign brokerages to be given the opportunity to coach would be low because they were not as familiar with the situation on the mainland. The aim was that company management should be instructed in relevant legal knowledge and the appropriate manner to disclose information as well as the importance of adhering to listing plans in prospectuses.

Under the existing securities regulations, it is clear that big changes in a company's business is not allowed in the first year of listing. But the brokerage official said most companies did not follow what they pledged in prospectuses. "Most companies follow what we tell them before their listings, but once they get the money, our words fall on deaf ears. What they care about is nothing more than how to spend the money," he said.

The official said the proposed plan would help raise the discipline of issuers and their legal knowledge, which would effectively raise the overall quality of listed companies on China's stock exchanges. This was because the responsibility would fall on the coach, not just the companies, if the companies did not follow their listing plans.

However, Bankers Trust Asia Research Vice-president Lily Wu said that the coaching period was redundant. She said the companies knew that, according to the rules in the Standard Opinion on share issues and trading, they could not make big changes in businesses in their first months after listing. "We know companies do not follow the rules and waste their money. They just pump their money into property....," she said. However, Ms Wu said the coaching period would contribute to the chance of the government exerting too much interference in the stock markets.

Finance Ministry To Issue Samurai Bonds in Tokyo

OW0306132994 Beijing XINHUA in English 1309 GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—China's Ministry of Finance is preparing to issue Samurai bonds for the first time in Japan, according to ministry sources.

The bonds will be in different terms and be issued "very soon", said an official who declined to give the total amount or to elaborate.

But he disclosed that Daiwa Securities Co. Ltd and Nomura Securities Co. Ltd will act as lead managers for the issue.

China's Ministry of Finance returned to international capital markets in 1993, after an absence of six years, marked by issuing 30 billion Japanese yen in Eurobonds

on the London market in September and Dragon bonds totalling 300 million U.S. dollars in Asia in October.

In February this year, it successfully issued one billion U.S. dollar Global bonds, the biggest issue ever carried out by the ministry.

Changzhou Branch Solves Bank Fraud Case

OW0506115794 Nanjing Jiangsu People's Radio
Network in Mandarin 2300 GMT 28 May 94

[Unattributed station report; from the "Provincial News Hookup" program]

[Summary From Poor Reception] "A banking fraud case which shocked the whole country and involved a sum of money totalling \$250 million was recently solved by the Agricultural Bank of China Changzhou Branch. A gang of swindlers was nabbed promptly."

On 14 April this year, (Zhang Tangsheng), assistant manager of the accounts section of the Agricultural Bank of China Changzhou Branch's International Business Department, discovered some "questionable points" when handling some cashier's checks. He immediately flew to Beijing and contacted the main branch of the Industrial and Commercial Bank of China. "Upon appraisal, the cashier's checks were determined to be forgeries. The main branch of the Industrial and Commercial Bank of China promptly informed the Public Security Ministry, and a gang of eight swindlers which [words indistinct] was immediately arrested in Beijing. A total of 25 cashier's checks each denominated at \$10 million, and (?over 1,000) forged official seals of state leaders as well as official seals of relevant departments and enterprises were found in a surprise search conducted immediately in Beijing."

Shanghai Citizens Buy Bonds With 'Enthusiasm'

HK0506082294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Jun 94 p 4

[By Zheng Jie: "Investors Snapping Up Bonds"]

[Text] Shanghai—Shanghai citizens are queuing up with great enthusiasm for this year's sale of two- and three-year State treasury bonds.

Last Sunday [29 May], local citizens snapped up 6.5 billion yuan (\$747 million) in two-year notes, according to the municipal office orchestrating the bond issue.

The office said local securities firms playing a major role in underwriting the treasury notes, have taken up 2.8 billion yuan (\$322 million) in bonds, more than 10 per cent of all the two-year notes being sold by the central government this year.

The figure is 65 per cent more than the total bought by local investors last year.

Shanghai Finance Securities Co took the lead by underwriting 700 million yuan (\$80 million) worth.

Sales figures for the three-year bonds, underwritten by banks, were still being calculated, but the Shanghai branch of the central bank said things were going smoothly.

The warm response to the issue, which is scheduled to end at the end of this month, put officials in the municipal office at ease. They said it is possible that, for the first time in recent years, demand may outstrip supply.

In the last two or three years, local authorities have had to resort to administrative measures to issue treasury bonds, which lost public favour because of inflationary pressure and the appeal of the city's fast-growing stock market.

However, with the stock market losing ground for more than a year, officials said, investors are redirecting their attention to the safer investment of bonds.

The favourable interest rates and flexible terms are the major attractions of this year's treasury bonds.

The annual interest rate of the two-year bonds is 13 per cent, 1.3 points higher than bank deposits of the same duration.

The interest rate for the three-year bonds, offered as certificates of ownership, will be 13.9 per cent, surpassing banks' three-year fixed deposits by 1.7 points.

Though the three-year bonds will not enter the market like the two-year bonds, purchasers will be able to cash their certificates in advance and still obtain higher interest than a bank deposit if they hold onto the bonds for more than six months.

To lure more buyers, the Finance Ministry has encouraged people to cash in their 1991 three-year treasury bonds, due on July 1, and their five-year 1989 special treasury bonds early to buy the new bonds.

These buyers will be offered an additional percentage point for their old bonds.

Shanghai B-Share Market Becoming 'Bullish'

OW0506144994 Beijing XINHUA in English 1417 GMT 5 Jun 94

[Text] Shanghai, June 5 (XINHUA)—The markets for B-shares are beginning to become bullish as overseas investors are optimistic about such markets, according to analysts here.

The B-shares index—shares of companies in China issued to foreigners to buy—rose for 11 trading days and fell for eight trading days on the Shanghai Stock Exchange in May.

Analysts said that the index opened at 63.18 points and peaked at 76.70 before hitting bottom at 62.57 on May 3, the first trading day during the last month.

The index closed at 75.55 on May 27, the last trading day during the month.

Analysts said that a total of 189 million B-shares changed hands during month, averaging 9.94 million shares daily, up 74.6 percent over April.

One analyst summarized the movement of B-shares throughout May as a "breakthrough."

The index of B-shares began to climb from the low in mid-April and rose substantially in mid-May, he said.

However, the index of A-shares—shares of companies in China issued to Chinese to buy—remained sluggish throughout May.

Most B-share holders are institutional investors, while most A-share holders are individual investors, another analyst said.

Relatively speaking, B-share holders are more mature because they usually make long-term investments, while A-share holders eye short-term investments, with a strong tendency towards speculation, he explained.

Analysts agreed that one reason for the bullish market for B-shares is that China's economy is now operating smoothly, with its industrial production continuing to rise.

The government's macro-economic control measures have begun to take effect as shown in a stable increase in state revenues, the withdrawal of large amounts of currency from circulation and a big rise in savings deposits in both urban and rural areas.

Another reason is that the China Securities Regulatory Commission has decided to expand the B-share market, formulate regulations governing the management of B-shares and improve the system for revealing information concerning the trading of B-shares, analysts said.

The scope of B-share investors is expanding, they said. For example, the Japanese Government has decided to permit Japanese nationals to invest in the Shanghai Stock Exchange.

The third reason is that overseas investors have been relieved of worries about the Chinese market.

For instance, the U.S. Government has recently announced the decision to renew China's most-favored-nation trading status.

At the end of May, the Morgan Stanley Company of the United States proposed in a report that managers of mutual funds should increase the ratio of their investments in the Chinese mainland and Hong Kong to 10 percent from eight percent.

Trade Ministry Reports More Foreign Demand for Labor

HK0506082394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Jun 94 p 1

[By Wang Yong: "Foreign Demand for Labour Revives"]

[Text] New requests for Chinese workers are pouring in as the emerging labour markets in Hong Kong, Singapore and South Korea pull themselves out of slumps.

An earlier Sino-British agreement for big-ticket financing of the new Hong Kong airport had given the go-ahead to Chinese contractors, who virtually stopped their jobs because the two governments were at loggerheads over the project's budget.

"The construction (by Chinese) is going on pretty well," said Chen Yongcai, who oversees China's labour exports for the Ministry of Foreign Trade and Economic Co-operation.

The Sino-British disputes were a major factor as the value of China's overall labour contracts shrank continuously through June of last year.

Another reason for the slowdown was the restriction on labour imports imposed by Russia, a traditional market for Chinese workers.

Unlike the Hong Kong airport issue, the Russian restriction continues to cast a shadow over Chinese labour exports.

China and Russia have agreed on the export of 12,000 Chinese workers to Russia, but only 2,000 have been allowed entry. The remaining 10,000 are waiting on the Chinese side of the border.

Chen said the governmental contracts must be honoured.

The Russians are afraid that the influx of thousands of Chinese labourers might unsettle the country's vast Far Eastern region.

Some Russian reports have falsely claimed that at least 1 million Chinese labourers are in the region.

There may indeed be far more than 12,000 Chinese in the region, but few of them are bound by governmental contracts. There is little dispute that Russian authorities should stem the flow of these unorganized individuals.

Most Chinese workers who go to Russia under bilateral agreements are engaged in vegetable planting and home construction.

Chen reaffirmed that Chinese labourers will never seek to linger in other countries when their contracts are fulfilled.

Another Chinese official expressed the belief that the difficulties in Sino-Russia trade are only temporary.

Despite a downturn in the Russian market, China's labour export contracts in the first four months this year picked up 22.7 per cent over the same period last year to \$2.05 billion. Actual business turnover grew by 48 per cent to \$1.44 billion.

Altogether 174,000 Chinese workers are overseas, 4,000 more than a year earlier.

Chen said the increase was seen mainly in Hong Kong, Macao, South Korea and Singapore.

He predicted that there soon will be more than 10,000 Chinese workers in South Korea alone, as several thousand workers are leaving for the country. Chinese workers there mainly serve in small and medium-sized manufacturing enterprises.

Chen also revealed that China is ready to resume its labour exports to Iraq as soon as the United Nations' economic sanctions are lifted.

"And," he added, "we're ready to restore co-operation with Yemen."

China withdrew all its workers, medical teams and teachers from Yemen when war broke out there.

Civil Aviation Opened to Foreign Investors

HK0406051894 Beijing ZHONGGUO XINWEN SHE
in English 0404 GMT 4 Jun 94

[Text] Beijing, June 4 (CNS)—China civil aviation industry had been monopolized by the state in terms of investment, construction and management for the past several decades. Foreign businessmen have been recently allowed to engage in this industry by way of Sino-foreign joint investment, cooperation and buying shares of China's enterprises specializing in air shipment, the move, considered as an important measure of reform in this sector, will greatly promote the development of this industry.

"The Circular on Policies Related to Foreign Investment in Civil Aviation Industry" recently jointly issued by the Civil Aviation Administration of China (CAAC) and the Chinese Ministry of Foreign Trade and Economic Cooperation says that in line with the principle of putting the state's investment in a dominant place, foreign businessmen are allowed to conditionally engage in investment in and running of civil aviation industry in China in ways of making joint investment or cooperation in construction of airports (excluding those airports used both for military and civil purposes), runways, taxi-ways, aprons, terminal buildings, hotels and restaurants at airports and food and fuel items for aviation. In these jointly-funded entities, more than 51 per cent of their total registered capital must be controlled by the Chinese side and their chairmanships of the board of directors and posts of general managers must be chaired by personnel from the Chinese side.

It is reported that at present investment in and management over the air traffic control system in China has been still monopolized by the state and no foreign airport authorities and aviation manufacturers are allowed to set up enterprises for aviation transportation in the country.

Government Boosts Ship-Breaking Industry

HK0506082494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 5-11 Jun 94 p 1

[By Wu Yunhe: "China Builds Up an Industry To Break Ships Apart"]

[Text] Everyone might know that breaking a ship apart is much easier than building one, but few realize how much money is to be made in this trade.

Chinese businesses seem to understand the details of the multi-billion-yuan trade better than most others.

After investing nearly 240 million yuan (\$27.5 million), China leads the world in the business of dismantling ships, controlling half the market. Nevertheless, its industry sees plenty of room for growth.

In fact, the China National Ship-Breaking Corp is joining hands with other Chinese firms to build the country's largest ship-breaking centre, in Zhoushan in Zhejiang Province.

Also signing an agreement last month to become partners in the new China Jingtong Ship-Breaking and Washing Co Ltd are Zhoushan Ship-Building Industrial Corp and Zhejiang Ship-Breaking Corp.

First-stage construction will enable the complex to dismantle old ships for scrap metal and valuable machinery, especially communications and navigation equipment. Work is expected to be completed in a year and a half.

After that, China Jingtong will be capable of taking apart retired ships with more than 2 million dead-weight tons combined each year. It will also be equipped to clear greasy dirt from ships' cargo holds and recycle more than 500,000 tons of oily water annually.

Government officials say the centrally controlled Zhoushan centre will dominate the domestic ship-breaking industry, which now comprises more than 200 enterprises.

Since the early 1980s, China has bought more than 10 million dead-weight tons of old ships from abroad for dismantling and salvaging.

Chinese salvagers believe foreign ship owners will continue to sell old vessels for scrap because keeping them operable is expensive, especially during a recession like the one currently gripping the shipping business.

Analysts say ship breaking is closely linked to the fortunes of the world's shipping industry: Sluggish shipping means hectic business for salvagers.

The central government is enthusiastic about boosting the industry, official sources said. This way, they say, the country gets scrap steel rather than having to rely on imports, and foreign-exchange costs are cut by as much as a third.

But, they added, Chinese workers are not trained well enough in the business of dismantling ships. Experts estimate that if a ship of 10,000 dead-weight tons is taken apart scientifically, an additional 600 tons of metal can be salvaged and 30 days' work saved.

Shipping companies and factories that build and repair ships should educate workers so that machinery and equipment that is still usable is not wasted. These machines and equipment should be examined by experts and assigned quality certificates so they can be sold off.

Chang Jiang Ports Attract Foreign Ships

OW0406162894 Beijing XINHUA in English 1603 GMT 4 Jun 94

[Text] Wuhan, June 4 (XINHUA)—With the rapid economic growth along the Chang Jiang River, China's longest, the ports along the river have attracted more and more foreign ships.

On May 7, 1983, a Panama-registered ship arrived at Zhangjiagang, a port in the lower reach of the Yangtze, as the first foreign ship ever entered the river since 1949 when the People's Republic was founded. Over the past 11 years, about 50,000 ships from more than 50 countries and regions in the world have docked at the 13 ports along the Chang Jiang River.

Foreign ships with displacement of up to 10,000 tons can sail to the ports from Shanghai to Nanjing in the lower reach of the Chang Jiang River, and ones with displacement of up to 5,000 tons can get to the ports up to Wuhan from Nanjing in the medium reach of the river.

In the first three months of this year, the ports along the lower and middle reaches of the Chang Jiang have served more than 3,000 foreign ships.

More than 50 ports along the Chang Jiang River in Jiangsu, Anhui, Jiangxi and Hubei Provinces have set business relations with more than 50 countries and regions in the world.

The ports also opened up more than 30 international transport routes to foreign countries.

The export cargoes at Wuhan port, such as steel and fertilizers, can be shipped to more than 20 countries.

China To Concentrate on Chemical Industry Problems

OW0406195794 Beijing XINHUA Domestic Service in Chinese 0725 GMT 3 Jun 94

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 3 Jun (XINHUA)—In the next few years, China will concentrate manpower and financial resources on tackling several key chemical engineering technologies which have an important bearing on the development of the chemical industry and the economy as a whole to lay a foundation for a high-technological chemical industry.

A national meeting on scientific and technological progress in the chemical industry closed here today. According to information from the meeting, the Ministry of Chemical Industry has proposed that higher priority be given to the development of nine key technologies in the Ninth Five-Year Plan of the chemical industry. They include new catalysis technology, new separation technology, biochemical technology, and computer application. The plan also covers 10 major projects, including a synthetic ammonia plant using natural gas as raw material with an annual output capacity of 300,000 metric tons and a urea plant using an ammonia gas process with an annual output capacity of 520,000 metric tons; and projects for the development of refined industrial chemicals in the agricultural drug, dyestuff, electro-chemical, and three other major categories.

The Ministry of Chemical Industry proposed that 30 major scientific research results and new technologies be put to use during the Ninth Five-Year Plan period. They include the 10,000-metric-ton-class ionic membrane caustic soda producing technology and the 10,000-metric-ton-class polyvinyl chloride resin producing technology. It is reported that China's chemical industry will develop more than 300 new major chemical products annually in the last five years of this century; and by the year 2000, the output value of high-technological chemical products will account for approximately 10 percent of the total output value of China's chemical industry.

Agriculture Officials View Rural Enterprise Ownership

HK0606084394 Beijing CHINA DAILY in English 6 Jun 94 p 4

[Report by Xi Mi from the "Opinion" page: "Who Really Owns the Township Enterprises?"]

[Text] The introduction of shareholding into co-operative systems should give township enterprises a new edge according to Lu Yongjun, an official with the policy bureau of the Agriculture Ministry.

Ever since their rise in the late 1970s, township enterprises have contributed handsomely to the country's economy growth.

In 1993, their output value totalled 2,902 billion yuan (\$330 billion)—71 percent of the output value in rural areas.

Their export value reached 235 billion yuan (\$27 billion), about 45 percent of the country's total.

However, in the current transformation of the nation's economy, from a centrally planned to a market economy, the development of township enterprises has been increasingly hampered by ambiguous property rights.

Who really owns township enterprise is a burning question which must be answered.

In rural enterprises sponsored by local communities, such as townships or villages, the property right belongs to the whole community, but no individual in particular.

As a result, the community leadership randomly interferes with the enterprises' internal management, thus preventing the workers themselves from bringing their initiative into full play.

The production factors of different regions, trades and ownerships cannot be transferred, let alone be used efficiently.

"To solve these problems, township enterprises must speed up reform of property rights," said Lu Yongjun.

To promote property right reform and to ultimately establish a modern enterprise system, the Agriculture Ministry recently issued a non-mandatory document giving advice on how to conduct shareholding co-operative reform in township enterprises.

Dividends

Township enterprises which have adopted co-operative shareholding generally perform better than those which have no shareholding system.

According to Lu, shareholding co-operative enterprises refer to those enterprises formed by at least two investors, who, on a voluntary basis invest either money, materials, technologies or land use right in an enterprise. As shareholders in the enterprise they can receive dividends according to the performance of the enterprise in relation to their percentage shareholding.

Shareholders should have a voice in advising the management of the enterprise.

According to Lu, the township shareholding cooperative enterprises comes into being in three different ways.

First, some of the self-employed and private businesses establish enterprises themselves.

Secondly, some township enterprises introduce the shareholding co-operative system themselves to achieve better management, performance and profits.

Thirdly, there are some newly opened enterprises which adopted the shareholding model from their very beginning.

"Up to 1993, co-operative shareholding enterprises amounted to 10 per cent of the country's township enterprises," said Liu Zuyin, another official from the Ministry.

The increasing pressure of market competition and sometimes the die-hard prejudice against private enterprises, have been two driving forces for the formation of shareholding co-operative enterprises which are collective in nature.

To implement property right reform, an effort should at first be made to define and clarify it, so as to make possible its transference through sales, merger, bankruptcy and auction, inheritance and donation.

"At present, the most important thing is to evaluate enterprises' assets. This assessment should be realistic, scientific and plausible, in line with the related standards, procedures and methods stipulated by the State," said the Ministry.

Township authorities should invite specialists and representatives from the community and workers from the enterprise to attend assessment work in order to carry out careful planning, full investigation and accurate assessment of the value of property.

Based upon the clarification of the ownership of property right, shares can be made available to townships, individuals, social institutions and overseas investors.

In certain selected areas, markets which trade in property rights should be established.

In principle, property rights should be held by original investors. The owners can manage the property, maintain and increase its value, and benefit from the progress.

But there is still some ambiguity concerning the shares belonging to the townships.

"For the sake of boosting productivity, enterprises are encouraged to explore whatever ways are necessary to solve ambiguities," Liu said.

Han Jun and Zhang Qingzhong, two researchers from the Rural Development Institute of the Chinese Academy of Social Sciences, offer three options to solve ambiguities.

They suggest that the shares of township enterprises be transformed into prior stock, so the local authorities can only gain extra dividend from their shares, but have no say in the enterprises' management.

Another option is to cut up the cake. This would involve canceling collective shares and converting all the enterprise's stored property into shares completely owned by the individual employees.

Modification

However, certain articles of the State's codes governing township collective enterprises stipulate that the property of the collective enterprise belongs to all members of the township.

The researchers call for a change of such irrational articles of State, because they only provide local authorities with a legal basis for interfering in the management of enterprises.

The third option is to auction the property of the township collective enterprise to employees, social institutions and individuals.

Income of the shareholding co-operative enterprise should be distributed according to the performance of the worker and it should also be in proportion to the volume of shares they hold.

A percentage of profits should be turned in as tax and a contribution to the accumulation fund. Part should also be used to balance any operational deficits from previous years. Any remaining profit might be shared out as a dividend among shareholders.

Revenue from the sale of township shares should be used for the enterprises' further expansion, social welfare, or to fund agriculture in the environs of the enterprise. They should not be used to cover the township government's administration fees, said the Agriculture Ministry's directive.

Local authorities should not interfere in any administrative sense with co-operative shareholding companies. Instead, they should try to provide management guidance and services. Enterprises must of course, listen to the supervision of the local authorities and observe their social obligations.

Liu said that this directive is non-binding. "The shareholding co-operative system was actually invented by farmers. What we are doing now is trying to collect valuable experiences from the co-operative shareholding system so they can be passed on to other township enterprises."

Liu acknowledged that the research of the shareholding co-operative system lags far behind their traditional role in the economy of blazing new roads to prosperity.

In Zhejiang Province, the number of township enterprises is 80,000; in Shaoxing County alone there are 506 of them, with 1.2 billion yuan (\$138 million) in capital.

Liu said that when workers become real owners of their enterprise, they will surely try to improve their internal management. But whether or not they select boards of directors or call meetings for shareholders depends upon the enterprise employees themselves.

Liu emphasized that while encouraging the cooperative system, the government also supports enterprises to be contracted, leased or merged so long as they can become efficient.

Agriculture Ministry Predicts 'Good' Summer Harvest

OW0306134994 Beijing XINHUA in English 1333
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—China is expected to reap another good harvest of summer crops this year despite a decrease of sown areas of some crops and soaring prices of agricultural materials.

Officials from the Ministry of Agriculture confirmed today that the total harvesting area for summer oil-bearing crops this year amounted to 5.3 million hectares, an increase of 330,000 hectares over last year. Output of oil-bearing crops would register a greater increase, he said.

By now, the provinces of Anhui, Hunan, Hubei, Jiangsu, Jiangxi and Sichuan have all reported increases in harvests of such crops. The increase, along with the imports of edible oil, would greatly ease supplies soon, the official said.

The official said that China's summer grain will also reap a good harvest despite a marked decrease in sown areas.

But the official warned that it was too early to be sure of a good summer grain output, because while the south-west is busy harvesting, the north is still waiting.

The official therefore urged all localities to concentrate on the final work with the crops and to watch for the weather in harvesting time so as to ensure an excellent output.

Flood-Control Preparations Started

OW0506074694 Beijing XINHUA Domestic Service in Chinese 2118 GMT 2 Jun 94

[By reporter Lu Yongjian (7773 3057 1696)]

[Text] Beijing, 3 Jun (XINHUA)—Flooding in various areas in southern China has reminded people of the impending annual flood season north and south of the Chang Jiang. According to the State Flood Control and Drought Relief Headquarters, the key flood control provinces of Hubei, Hunan, Anhui, Jiangsu, Henan, Hebei, and Shandong, as well as the key flood control municipality of Beijing, began charting this year's flood-control plans in the immediate wake of last year's flood season. They have completed preliminary preparations for preventing heavy floods and combating major disasters.

Mindful of the frequent incidence of floods and drought in our country, Chen Junsheng, state councilor and head of the State Flood Control and Drought Relief Headquarters, last October noted that the end of the 1993 flood season would signal the beginning of advance preparations for the 1994 flood season. Acting in the aftermath of last year's flood season, the key flood control municipality and provinces paid close attention

to harnessing rivers, repairing water-damaged structures, and reinforcing defective and hazardous reservoirs. Drawing lessons from last year's accidents at Qinghai's Gouhou Reservoir and Shandong's Longshan Coal Mine, various localities stressed both construction speed and quality in building flood-control projects. Last year, Shandong Province invested 500 million yuan in water conservancy projects, mainly to harness rivers, combat waterlogging, repair water-damaged structures, and reinforce defective and hazardous reservoirs. Hubei Province also devoted close attention to the construction of flood diversion and storage zones. The provinces are now intensifying efforts to complete the final stages of projects or to conduct acceptance tests. Most projects may become operational and yield flood-control benefits during the flood season. The provinces have strengthened the management of projects that cannot be completed before the flood season, and called for the formulation of measures to ensure safety in tiding over floods.

Since last winter, good progress has been made in projects aimed at clearing river obstacles. Hubei has instituted a system by which administrative chiefs assume responsibility for clearing obstacles, established relevant files, set deadlines for clearing obstacles, and designated responsible personnel. Henan has made unremitting efforts to remove sludge from small and medium streams, whereas Jiangsu and other provinces have stepped up efforts to clear obstacles and improve their flood-discharge capability.

To make adequate preparations for preventing heavy floods, the key flood-control provinces have paid attention to instituting and improving preventive flood-control filing systems to guard against problems that have arisen during previous floods. Plans for mobilizing and using large and major mid-sized reservoirs in those provinces during the flood season are undergoing the examination and approval process.

Preparations should be made in advance. After last year's flood season, all localities conducted a general inventory of their flood-control emergency supplies, overcame difficulties in channeling funds and materials, and actively stockpiled relevant materials whose delivery has now been completed.

A State Flood Control and Drought Relief Headquarters official reminded all localities of the need to heed these problems regarding advance preparations for the flood season: A significant number of people lack a strong foreboding sense about flooding, current flood-control projects are of unduly low standards, and flood-control administrative bodies are poorly structured and insufficiently funded. It is hoped that the departments concerned will help solve these problems, and that people in all sectors of society will show concern for flood-control work, join forces in confronting the flood season, and make every effort to ensure safety in weathering floods.

Timber Resources 'Growing Steadily'

OW0406143194 Beijing XINHUA in English 1345
GMT 4 Jun 94

[Text] Beijing, June 4 (XINHUA)—China's timber resources have been growing steadily while the resources in other part of the world are on the decrease, Chinese Forestry Minister Xu Youfang said here on the eve of the "World Environment Day".

The average annually-added timber resources had surpassed the annual consumption for the 10th year since 1984, while during 1977-1981, the country's timber resources shrank by an average of 18.7 million cu m [cubic meters] annually, the minister said.

He said that China's timber resources grew by 400 million cu m on average each year during 1989-1993, while 320 million cu m of timber was cut down.

During 1984-1988, the figures were 366 million cu m and 344 million cu m, respectively.

The minister attributed the steady growth to the common efforts of the Chinese people.

The Chinese Government made it one of its basic policies to green the country and improve its ecological environment.

At the suggestion of Deng Xiaoping, the National People's Congress passed a resolution in 1981 calling on Chinese people to plant trees every year, so as to help green the country, the minister recalled.

Ever since, Chinese leaders have been taking their lead in early spring each year to plant trees.

Up to date, about 18 billion trees have been planted by individuals all over the country.

Several large ecological projects initiated in the late 1980s also contributed to the growth of forest resources, including the shelterbelt network stretching from northeast to northwest China, 13,000 km coastal shelterbelt network and a large program to plant 6.6 million ha of trees, using 300 million U.S. dollars of world bank loans.

Facing a serious ecological environment and insufficient forest resources, China will continue its efforts to green the country and increase its forest coverage rate to 15.3 percent by the year 2000, the minister said.

By the year 2000, the gross forest output value will be increased to 300 billion yuan (38.4 billion U.S. dollars) from the present 140 billion yuan (17.9 billion U.S. dollars), Xu said.

XINHUA Commentator on Bumper Harvest

OW0406022094 Beijing XINHUA Domestic Service in Chinese 0658 GMT 2 Jun 94

["XINHUA Commentator": "If We Want to Reap Bumper Harvests the Entire Year, First We Must Strive

To Succeed in 'Reaping Harvests, Sowing Seeds, and Conducting Field Management in the Summer'—XINHUA headline]

[Text] Beijing, 2 Jun (XINHUA)—Now is the time of Grain in Ear [the ninth solar term]. The campaign for "summer harvest, summer sowing, and summer field management [three summers]" is making its progress from south China to north China.

The year 1994 is crucial for China to establish a socialist market economic system. The success or failure of agricultural work and whether or not a bumper harvest is reaped will determine, to a great extent, the speed of development for the entire national economy. The Agricultural Department specifically pointed out: The general objective for this year's efforts is to increase peasants' income and to ensure the supply of essential agricultural products. It has important significance for arousing the enthusiasm of peasants for production and for promoting the development of a market economy.

In light of China's farming situation, we should focus the entire year's agricultural work on "three summers." If we want to reap bumper harvests the entire year, first we must strive to succeed in doing "three summers" work. Tens of thousands of peasants have rushed to the forefront of "three summers" and the party and government departments in all areas have assigned a large number of cadres and technicians to draw up specific plans and to guide summer harvest, summer sowing, and summer field management. Materials, transportation, grain, and banking sectors have already allocated various materials, funds, farm machinery, and vehicles necessary for "three summers" to their proper users. The broad masses of peasants are getting ready to give full play to their abilities on the "three summers" battlefield.

Thanks to the importance attached by the party Central Committee and the State Council stabilizing the agricultural sector and to vigorously promoting agricultural production, coupled with the propitious weather this spring, crops are growing satisfactorily. To really obtain summer grain, all major grain producing areas should use all the manpower, material resources, machinery, and facilities at their disposal to harvest any plot of farmland with ripe grains, thresh grains immediately after they are harvested, and store every harvested grain in warehouses. Hebei, Henan, Shanxi, and other major grain producing provinces already joined the forces of large combine harvesters to harvest wheat from provinces in south China to those in north China according to the time when wheat becomes ripe in each province. The interprovincial operation expedited the harvest's progress and improved the utilization ratio of large farm machinery. Owners of wheat farmland were satisfied and harvester operators were pleased. It was as good as a kind of creation by peasants under the new situation of a market economy; and it expedited, to a greater extent, the process of agricultural modernization.

Summer grain will be harvested soon. Grain procurement departments should prepare adequate grain-storing facilities and procurement funds, and should create every favorable condition whereby they can immediately buy up the grain once it is delivered. They should pay cash to peasants for the grain delivered. According to the requirements of the party Central Committee and the State Council, grain procurement departments are prohibited from issuing IOU's, refusing to buy available grain, and retaining payments for peasants' grain under various pretexts. Protecting peasants' enthusiasm in producing grain is a major principle that overrides all other minor principles.

China's autumn grain production is a major event. Pursuing the principle of enhancing productivity, efficiency, and quality, various localities should pay attention to weather conditions and make use of favorable geographical positions. Once a piece of farmland has been harvested, we should promptly sow seeds on it. If the topsoil is moist, we will use it immediately; otherwise, we will wet the topsoil before using it. We should create all favorable conditions so as to adequately and properly plant autumn grain. We should take realistic and effective measures to resolutely reverse the decrease in the acreage of farmland so as to maintain a steady rise in grain production. Such moves are not only prerequisites to ensure an effective supply of grain, but are also requirements to stabilize the agricultural sector as the foundation of the national economy.

Proper summer field management will ensure a bumper harvest for the entire year. As the saying goes: "Planting tasks will contribute to 30 percent of the outcome, whereas management will make the other 70-percent contribution." Planting is the foundation and management is the key. Mismanagement in flood-prevention, drought-resistance, weeding, pest-termination, or fertilizer application will adversely affect the entire year's harvest. Raising investment to enhance scientific and technological progress is an important link in summer field management. According to predictions, various pests will still be serious in certain localities in 1994. Bollworms, in particular, caused a massive reduction in cotton output in some major cotton-producing regions in 1993. Various cotton-producing regions should mobilize corresponding scientific and technological personnel to strictly terminate bollworms. Various scientific and technological departments in the agricultural sector should earnestly apply scientific and technological achievements in the field and integrate summer field management as a part of the comprehensive scientific and technological services, which include checking the conditions of seedlings, preserving the water content and fertility of the soil, preventing pests, and enhancing the plants' growth.

Now that the "three summers" tasks are being carried out, we can expect a bumper harvest of summer grain soon. So long as the leadership and the rank and file make concerted efforts in unison, let the market economic mechanisms play their full leveraging-roles in the

economy, and victoriously complete the "three summers" tasks, we can lay a firm foundation for a bumper harvest in the agricultural sector for the entire year.

Endangered Plants Well-Protected in Southwest

OW0506080594 Beijing XINHUA in English 0750
GMT 5 Jun 94

[Text] Kunming, June 5 (XINHUA)—Chinese scientists have succeeded in artificially cultivating 108 species of endangered plants in southwest China's Xishuangbanna Tropical Botanical Garden.

Located in Yunnan Province, Xishuangbanna is the only vast area of tropical forest in China. It covers an area of 19,000 sq km. It also boasts one sixth of the species of seed plants and pteridophytes in China. In 1959 the Chinese Academy of Sciences set up the tropical botanical garden, the first of its kind in the country.

Because of human activities leading to deterioration of the environment, the tropical forests at Xishuangbanna have shrunk by 50 percent in the past five decades. Many species of plants are on the verge of extinction.

In 1984 the tropical botanical garden set aside 80 ha of land to cultivate the endangered species. After years of research and experimentation the garden has succeeded in cultivating 108 species of endangered plants,

including 46 species that were listed among the 53 major species of plants under state protection.

Many of these plants date back to the tertiary period and are considered as living fossils.

In order to better study and protect the endangered plants, the tropical botanical garden is preparing to set up a bank of seed genes of tropical plants.

Correction—Text of 'PRC Foreign Trade Law'

OW0206075194

The following correction pertains to the item headlined "Text of 'PRC Foreign Trade Law,'" published in the 13 May China DAILY REPORT, pages 23-26: Page 24, column one, only subhead make read: ...and Exports of Goods and Technology... (changing "Commodities" to "Goods") Page 24, column one, paragraph two, only sentence make read: ...and export of goods and technology... (changing "commodities" to "goods") Page 24, column one, paragraph three, only sentence make read: ...or export of goods and technology that... (changing "commodities" to "goods") Page 25, column one, paragraph six, only sentence make read:...the establishment of specifically designated service industries; [new graf] (4) to ensure balance... (changing "special domestic service trades" to "specifically designated service industries")

East Region

Fujian's Rural Industry Increases Gross Output

OW0606014794 Beijing XINHUA in English 0118
GMT 6 Jun 94

[Text] Fuzhou, June 6 (XINHUA)—Rural industry in southeast China's Fujian Province generated an output value totalling 48.387 billion yuan in the first four months of this year, up 105 percent over the same period of last year.

Starting later than other setups, the province's rural industry has developed faster with rises in gross output value from 900 million yuan in 1978 to 54.4 billion yuan in 1992 and 105.6 billion yuan last year.

At present, Fujian has more than 600,000 rural industrial enterprises, over 700 rural industrial parks and about 100 rural enterprise groups.

Last year saw the province approve the establishment of 4,300 overseas-funded enterprises involving a total contractual overseas investment of 3.6 billion U.S. dollars.

The 6,500 export-oriented rural industrial enterprises provided foreign trade departments with 19 billion yuan worth of goods last year.

In addition, rural industrial enterprises have set up at least 30 businesses overseas.

Fujian Not Sacrificing Environment for Economics

OW0606082594 Beijing XINHUA in English 0806
GMT 6 Jun 94

[Text] Xiamen, June 6 (XINHUA)—Xiamen will never sacrifice the environment for economic benefits, Hong Rongshi, mayor of the special economic zone in east China's Fujian Province, said today.

A city whose population has doubled and whose economy has grown more than twelve-fold, Xiamen has maintained its environmental level as it was a decade ago, and has built a series of pollution control projects.

Known as a seaside resort, Xiamen has allocated its island, mainland and suburbs different industries for attracting overseas investment, so as to attain simultaneous development of economy and environment.

The city is now a major attraction for overseas investment and for Chinese and foreign tourists. Its air pollution is under control and its water quality is among the country's best.

Fujian Province Taps Ocean Resources

OW0606081794 Beijing XINHUA in English 0716
GMT 6 Jun 94

[Text] Fuzhou, June 6 (XINHUA)—Fujian Province, in southeast China, is boosting aquatic production to make up for its grain shortages.

Although boasting a 3,300-kilometer coastline, Fujian has few cultivated areas, averaging 0.033 hectares per capita.

The provincial government has taken the lead in the country in reforming its fishing system and lifted prices on aquatic products since 1990.

As a result, its aquatic products output reached 1,903 million kilograms last year, ranking third in the country and averaging 60.5 kilograms per capita.

According to Zhang Wenliang, director of the provincial bureau of aquatic products, the output value of Fujian's fisheries will lead in Fujian's agricultural output value in the year 2010.

In addition to aquatic production, Fujian is paying attention to the development of deep-water fishing, offshore oil pumping, mining and tourism.

Chen Huanyou Addresses Jiangsu Enterprise Conference

OW0406211094 Nanjing XINHUA RIBAO in Chinese
27 May 94 pp 1, 2

["Deepen Enterprise Reform, Strengthen Enterprise Management, and Vigorously Halt Losses and Increase Profits"; Chen Huanyou Gives An Important Speech at the Provincial Enterprise Conference"]

[Text] "Further implement the central authorities' '20-character' work guidelines, focus on deepening enterprise reform, bring the province's work on enterprises to a new stage, and consolidate and develop the excellent situation of reform, opening up, and economic construction." These are the guidelines stressed by Chen Huanyou, secretary of the provincial party committee and governor, at the provincial conference on enterprise work.

The three-day conference closed in Zhenjiang yesterday. Early in the conference, Chen Biting, chairman of the provincial planning and economic commission, outlined arrangements on major tasks facing enterprises in the province today. Comrade Chen Hongchang, vice chairman of the provincial commission for restructuring the economy, explained why it was necessary to select 100 enterprises to experiment with modern enterprise systems. Comrade Zhu Tao, deputy secretary general of the State Economics and Trade Commission, made a special trip here for the conference. He also gave an important speech. Six enterprises briefed the conference on their experience. Participants spoke freely in the discussion. They put forward many good views and suggestions on ways to carry out experiments with modern enterprise systems, strengthen enterprise management, and halt losses and increase profits. Vice Governor Ji Yunshi and Secretary General Liu Jian attended the conference. Chen Huanyou gave an important speech at the closing session.

Chen Huanyou said: Since the beginning of this year, our province has earnestly implemented the guidelines of the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee, followed the central guidelines of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability;" persisted in emancipating the mind; sought truth from facts; and worked actively and in a down-to-earth manner. As a result, reform and opening up have gradually deepened, the provincial economy has developed quickly, social and political stability has been maintained, and the situation in general has been good. Agriculture has also developed soundly, with summer ripening crops expecting a good harvest. The percentage of products sold has risen each month, and the adjustment of product mix has accelerated. Key project construction has been strengthened. Construction of a number of key projects selected by the state and the province has been stepped up according to plans. Necessary conditions have been acquired for the construction of the new Nanjing airport, the Jiangyin highway bridge spanning the Chang Jiang, and several other key projects. The financial situation has been fairly stable. Deposits and loans of different types with the province's banking institutions have increased. Reserves in specialized banks have risen. Since the implementation of the new foreign exchange system, foreign exchange rates have remained basically stable. The province has also actively carried out reform in finance, taxes, banking, investment, foreign trade, and other areas. Developments in the last four months and more have been generally sound. Enterprise reform, which centers on the establishment of modern enterprise systems, has gradually deepened, and the steps taken to change operating mechanism have further quickened. New steps have been taken in opening the province to the outside world. Foreign trade, foreign investment, and foreign economic work have all developed with a strong momentum. Good progress has been achieved in the construction of the Suzhou Industrial Park as the first-stage construction has officially begun. Now we must seize the opportunity, pluck up our spirits, work hard, and keep forging ahead to overcome difficulties and problems in our current economic life and ensure sustained, rapid, and healthy development of the economy.

Chen Huanyou stressed: Jiangsu's economic development now faces a new situation. We must further deepen reform to promote economic development and invigorate enterprises on the basis of a new system through accelerating the transformation of enterprises' operating mechanisms and governments' functions. First of all, we must revolve attention around the transformation of enterprises' operating mechanisms, practically succeed in establishing a modern enterprise system at selective enterprises on a trial basis, strive to construct the framework of a standardized modern enterprise system in two to three years, accumulate experiences, and gradually make progress. We must promote a modern enterprise system at different enterprises in different ways. While

paying attention to successfully establishing a modern enterprise system at selective enterprises on a trial basis, we must promote reform of all enterprises. In particular, we must successfully carry out various measures adopted earlier for reform of enterprises as well as the supportive measures for the introduction of a new enterprise system and for enterprises to converge with the new system; we must accelerate the transformation of enterprises' operating mechanisms; we must successfully fulfill various basic tasks designed to establish a modern enterprise system; we must make efforts along the course of establishing a modern enterprise system. First, in respect of the basis for enterprises' economic decisionmaking power, we must steadfastly implement the "Enterprise Law" and the "Regulations Governing Large and Medium-Sized State Enterprises' Transformation of Operating Mechanisms." Second, in respect of the basis for property rights, we must appraise step by step the fixed assets and circulating funds of large and medium-sized enterprises to ascertain state-owned assets in Jiangsu this year. Enterprises whose conditions permit must do a good job of clarifying debts receivable and debts payable, strive to readjust the assets-liabilities ratio, and optimize their asset structure. Third, in respect of the basis for business accounting, we must implement the "general rule governing business accounting of enterprises" and the "accounting standards" in an all-around way, and establish and perfect an accounting system that meets international standards for enterprises to facilitate their smooth convergence with a modern enterprise system. The key to the establishment of a modern enterprise system lies in efforts to be made by the enterprises themselves. Now, all enterprises must greatly change their guiding ideology and working methods. They must change from the past pursuit for returns from preferential treatment to pursuit for returns from reform. Priority may be given to experiments with reform measures so long as they are conducive to invigorating enterprises and improving their quality.

Chen Huanyou pointed out: To meet the needs of the development of a socialist market economy, we must improve practical management of enterprises. We must continuously innovate, develop, and improve management of enterprises under the new situation, and make efforts to change our concepts and broaden our thinking. First, we must make the transformation of enterprises' operating mechanisms and management of enterprises mutually supportive and closely integrate the reform of enterprises with their management. Second, we must enable enterprises to continuously adapt themselves to market changes, to improve market predictions and management decisions, and to adopt advanced production and operation methods to consolidate and develop markets at home and abroad. Third, we must make technical advance suit the modernization of management. We must treat technology and management as the two wheels for successfully running an enterprise and make the two promote each other. Fourth, our management of enterprises must coincide with the international

economy. In particular, large and medium-sized enterprises whose conditions permit must gradually meet the needs of international competition, organize production and business operations on the basis of international practice, and accelerate convergence between management of enterprises and the international economy. To improve management of enterprises, we must focus attention on successful management of their cost and funds. We must strive to reduce their consumption of materials and their cost, and to increase their economic returns by every possible means. To solve the problem of funds shortage, besides requesting more funds from the higher authorities and attracting more foreign funds, we must, above all, turn our attention to enterprises themselves. We must begin with improving management, pay attention to successfully managing and using existing funds, stimulate the circulation of funds on hand, and improve the efficiency of the use of funds. We must arouse and organize the vast number of enterprises and, in particular, the large and medium-sized state enterprises to conscientiously conduct activities of "transforming operating mechanisms, paying close attention to management, improving internal operations, and increasing economic returns." Relevant departments must strengthen leadership over such activities, draw up good plans for implementation, and pay close attention to their implementation in a bid to promote Jiangsu's management of enterprises to a new level.

Chen Huanyou demanded: We must adopt concrete and effective measures to vigorously carry out the work of halting losses and increasing profits. This year, the province must achieve the target of reducing the number of money-losing state-owned industrial enterprises to 30 percent of the total and keeping the amount of the losses basically the same as last year. We must establish a system of responsibility, with every enterprise and every person having a clearly defined responsibility and with every level assuming responsibility for the next lower level. All localities and departments must soon organize a special task force and send it to money-losing enterprises to conduct a general survey and analysis to find out the causes of their losses. Appropriate guidance must be provided in light of the specific situation and with a clear objective in mind. Active measures must be adopted to reduce burdens on enterprises and ensure that they can compete in the market unhampered. We must make full use of the existing social security capacity and use the social security fund according to regulations. At the same time, we must step up the construction and perfection of a labor market to find a way out for workers who await jobs, who were laid off, or who lost their jobs. We must create more job opportunities for surplus enterprise personnel. We must adopt a variety of flexible asset management methods to enliven money-losing enterprises. We must encourage stronger enterprises to take over money-losing ones on a voluntary basis. We must continue to increase our experiment to let private sectors manage state- and public-owned enterprises and

to lease them out. Small state-owned money-losing enterprises may be leased out, contracted out, sold, or managed in the form of a stockholding cooperative system. Those in downtown districts of cities may be retooled to operate tertiary industries. Enterprises that are still partly operational may be enlivened through the adoption of "multi-systems under one plant management" or through the reduction of accounting units. While accelerating internal enterprise reform, we must pay more attention to the changes and trends of the market. We must strengthen market survey and research, keep track of market demands, work hard to open up new markets, and increase our sales. We must take further steps to accelerate technological transformation, adjust product mixes, and firmly limit the manufacturing of goods that have no markets while reducing their stock through sales promotions. In the course of halting losses and increasing profits, we must make proper arrangements for the daily life of workers in difficult enterprises to ensure their basic livelihood.

Chen Huanyou emphatically concluded: We must step up changing government functions and create a favorable external environment for enterprise reform and development. Everyone in the province, from the top to the bottom, must make joint efforts with one mind to deepen reform, revitalize our vast number of enterprises, and play a bigger role in our province's reform, opening up, and socialist modernization.

Economic Growth in Southern Jiangsu Cities Described

OW0506164794 Beijing XINHUA Domestic Service in Chinese 0716 GMT 3 Jun 94

[By reporter Li Wei (2621 1550)]

[Text] Nanjing, 3 June (XINHUA)—Secondary industry is being gradually shifted to rural areas while tertiary industry enjoys rapid development in urban areas. Such a new urban-rural relationship has become increasingly distinct in the economically developed cities of Suzhou, Wuxi, and Changzhou in Jiangsu Province.

Thanks to the spread of urban industries, village and town enterprises rose like a new force suddenly coming to the fore in the fields beside Tai Hu in the early 1970's. They opened a new chapter in the annals of industrial revolution in China's rural areas. After more than 20 years of pioneering work and development, southern Jiangsu's rural areas ended an era of "grass-roots industry" and entered into a new phase of industrial development with scientific and technological advances and the export-oriented economy playing the dominant role and with a rational distribution of village and town enterprises being relatively concentrated in satellite towns. At present, the three cities of Suzhou, Wuxi, and Changzhou boast 50,000-plus village and town enterprises. Over 70 percent of their equipment is of the advanced level of the 1980's and the 1990's, surpassing the technical and equipment standard of urban industries. On

the average, every township and town set up more than 10 "three kinds of partially or wholly foreign-owned enterprises." According to statistics, staff and workers of village and town enterprises already accounted for over 80 percent of the labor force in southern Jiangsu's rural areas. The ratio captured by village and town industries in the whole industrial sector of southern Jiangsu already exceeded two thirds. On the list of China's top 100 village and town enterprises made public recently, 45 are located in southern Jiangsu.

The successful process of industrialization in the countryside has filled the chasms that have chronically divided urban and rural areas. In southern Jiangsu, all townships and towns have been interconnected by highways, most of the villages are now illuminated by street-lamps at night, and the overwhelming majority of townships and towns have installed program-controlled telephones. On the basis of "feedback" from village and town industries, southern Jiangsu has initially realized farming mechanization, and more than 90 percent of the villages have set up general agricultural service stations. Fair-sized operations on land and socialized agricultural service networks have developed significantly, turning age-old heavy farm jobs, which peasants performed with "their faces turned toward the yellow soil and their backs toward the sky," into "pieces of cake." Various social services, including culture, education, and medical and health care, have all advanced side by side. The dream of urbanizing the countryside is slowly coming true.

The economic take-off in rural areas has posed endless challenges to Suzhou, Wuxi, and Changzhou, setting even stricter demands for building up the multipurpose functions of key cities. Faced with this task, the cities in southern Jiangsu have aggressively reversed the old pattern of lopsided development in secondary and tertiary industries as they have begun implementing a new blueprint for giving modern cities a new lease on life. In recent years, Suzhou, Wuxi, and Changzhou cities have successively designated tertiary industry as a new economic growth sector to be developed on a priority basis. This will turn the cities into the hubs of manpower, material, capital, and information flows. Traditional commodity exchanges and catering businesses aside, such burgeoning tertiary businesses as finance, communications, post and telecommunications, scientific and technological consultation, and information media services are on the rise. New service industries, which are primarily of a knowledge-intensive type, have sprung up incessantly, breathing powerful life into urban economies, and lending strong support to the further development of rural economies.

People in economic circles commented: The shift of secondary industry to the countryside and the growth of tertiary industry in the cities have eroded the traditional notion of an "industrial city." This will blur the boundaries between urban and rural areas, bringing about a new pattern in which the integration of urban and rural economies is accelerated.

Shandong Holds Conference of Township Collieries

SK0506052394 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 4 Jun 94

[Text] The provincial work conference of town- and township-run collieries was held in Jinan on 4 June. In line with the provincial methods for implementing the state policies on supporting, transforming, consolidating, cooperatively developing, and upgrading town- and township-run collieries, the conference made a proposal for consolidating them.

It is reported that over the past years, our province has rapidly developed the local collieries. So far, 13 cities and prefectures and 35 counties, cities, and districts across the province have 592 local collieries of various categories at various levels, and these collieries have a capacity of turning out 17.85 million tonnes. Thus, local collieries have held up half of the province's coal industry. As an important component of the province's local coal industry, town- and township-run collieries turned out 10 million tonnes of coal last year, accounting for one seventh of the province's demand for coal.

Facing town- and township-run collieries' problems cropping up due to lax management, arbitrary mining and digging, tax evasion, poor conditions for safety in production, low disaster-combating capability, the occurrence of more accidents, and the overstepping of the bounds for mining, Chen Jianguo stressed: At a time of grasping the development of state-owned key collieries and state-owned local collieries, the provincial government has decided to comprehensively and thoroughly clear up and consolidate town- and township-run and collective-run enterprises so as to realistically solve their prominent problems.

Shandong Establishes Enterprises Overseas

OW0406162794 Beijing XINHUA in English 1600
GMT 4 Jun 94

[Text] Jinan, June 4 (XINHUA)—East China's Shandong Province had invested over 80 million U.S. dollars to set up 226 enterprises in foreign countries and regions by the end of last year.

Scattered in nearly 50 countries and regions, these enterprises have expanded exports and obtained a great deal of overseas market information for the province.

At the beginning of the 1980s, some foreign trade companies first opened overseas agencies. Entering the 1990s, the province made a number of favorable policies to encourage the industrial companies to set up overseas agencies.

By now, many large enterprises, in the fields of chemicals, textiles, metallurgy, machinery, aquatic products and medicines, began to set up overseas agencies. The production enterprises make up 50 percent of the total overseas agencies.

These overseas agencies not only undertake trading, investment, information service, labor export, but also pool overseas capital to the province.

By establishing overseas branches and opening the international market, some giant enterprises of the province have become trans-national enterprise groups.

Foreign Investment Increases in Shandong Mountains

OW0506082194 Beijing XINHUA in English 0806 GMT 5 Jun 94

[Text] Jinan, June 5 (XINHUA)—More than 500 joint ventures with a total overseas investment of nearly 300 million U.S. dollars, have been set up in the Yimeng Mountains area in east China's Shandong Province.

Most of the investors come from Hong Kong and Taiwan and some from European and North American countries.

One of the revolutionary bases of China and consisting of seven counties, the Yimeng Mountains area is economically backward compared with the coastal areas because of geographical reasons.

But it is rich in workers as well as agricultural and mineral products, such as peanuts, silk, chestnuts, walnuts, ginkgo, apples, pears, hawthorn, limestone, marble, diamonds, borax, gold, silver, copper and iron.

To attract more overseas investment, the province has poured a great amount of money into infrastructure construction in the area.

In recent years, the province has built a railway and a highway cutting through the mountain area. Program-controlled telephones have linked all the counties in the area with the national telecommunications system.

A local airport is also being expanded there.

Shanghai's Local Environment Improves

OW0606082494 Beijing XINHUA in English 0801 GMT 6 Jun 94

[Text] Shanghai, June 6 (XINHUA)—The environmental quality at Shanghai's Xinhua Street area, notorious for industrial pollution, has been greatly improved thanks to a ten-year effort.

The 2.2-square-kilometer area in the western part of the city houses 110 plants involved in industrial chemicals, medicine, paper-making, metallurgy, machinery and electrical appliances, and meters and instruments, which discharge heavy pollutants, waste water and gas.

Since 1985, the municipal government has spent 450 million yuan in the treatment of pollution in this area, which has completed 407 pollution-treatment projects and removed, closed down or merged 25 plants and

workshops discharging heavy pollutants. The municipality has also planted more trees, lawns and flowers.

As a result, the industrial output value of the area last year went up by 33 percent over 1985 and the amount of discharged waste gas was reduced by at least 70 percent and waste water by 50.7 percent.

Noise in the area does not exceed the municipal government-set standard at present.

Shanghai River Valley Leads in Development

OW0606014694 Beijing XINHUA in English 0104 GMT 6 Jun 94

[Text] Hefei, June 6 (XINHUA)—The Chang Jiang River Valley headed by Shanghai is leading in the national economic and scientific development.

With a total area of 330,000 square kilometers and a population of 170 million, the valley generates industrial output value accounting for one-third of the country's total, and its gross domestic product occupies one-fifth of the nation's total.

At present, Shanghai and Jiangsu, Anhui, Jiangxi, Hubei, Hunan and Sichuan Provinces in the valley have worked out strategic development plans in line with local conditions while cooperating with each other in the development and utilization of natural resources and production factors.

Shanghai is being developed into an international metropolis featuring commerce, banking and foreign trade; Nanjing, capital of Jiangsu Province, has focused on chemical and electronics industries; Wuhan, capital of Hubei Province, is being turned into a market; and Chongqing, Sichuan Province, is on line to become the economic center in southwest China.

According to preliminary statistics, areas in the valley have loaned and borrowed a sum of 231 billion yuan and traded one billion yuan worth of goods.

So far, the valley has formed five economic cooperative areas, which operate independently while maintaining links with each other.

Shanghai Expands Foreign Investment Use

OW0406072194 Beijing XINHUA in English 0619 GMT 4 Jun 94

[Text] Shanghai, June 4 (XINHUA)—Shanghai is forcing the pace of developing itself into an international and trading center to lead the Chang Jiang river valley and the whole country in economic growth.

A municipal official said that this, China's largest metropolis has expanded the use of foreign investment from industries to banking, foreign trade, commerce, real estate trade, consultancy, information and other economic sectors over the past few years.

At present, Shanghai has economic and trade relations with 180 countries and regions. Business people from more than 50 countries and regions have invested in Shanghai, which houses branch institutions and representative offices of 90 of the world's top banking organizations.

While absorbing foreign funds, technology, natural resources and talented people, Shanghai exports capital, technology, natural resources and qualified people.

It also encourages its enterprises to set up businesses and companies overseas.

Last year saw the city make headway in investing overseas while importing a record amount of capital.

In addition to issuing stocks overseas and absorbing direct foreign investment, Shanghai has concluded 592 contracts on borrowing foreign loans worth of 511 million U.S. dollars.

As a result of exporting 200 million U.S. dollars-worth of technology items a year, the city has imported a total of three billion U.S. dollars-worth of technology items.

The city imports 13 billion yuan-worth of raw materials used for production from the international market each year.

So far, 2,260 financial organizations from other parts of the country and overseas have opened businesses and offices in Shanghai.

According to statistics, the total transactional volume of securities topped 500 billion yuan last year, that of foreign exchange climbed to 5.3 billion yuan, and inter-bank loans to 323 billion yuan.

The 2,600 foreign-funded commercial offices are busily undertaking international business in Shanghai, which hosts more than 100 international exhibitions and receives tens of thousands of business people from all corners of the world a year while sending hundreds of trading delegations abroad.

In addition, the import and export volume via the port of Shanghai amounted to a record of 30.9 billion U.S. dollars-worth last year.

A survey shows that Shanghai's more than 1,000 enterprises and research institutions which are empowered to export their products and import their needs, and 4,000 foreign-funded enterprises that have already gone into operation are making great contributions to the city's foreign trade and economic relations.

To meet the demand on world markets, Shanghai has started reforming its systems of enterprise management, prices and marketing. It has set up a number of state markets in line with international conventions.

Shanghai Attracts More Foreign Investment

OW0606021694 Beijing XINHUA in English 0135
GMT 6 Jun 94

[Text] Shanghai, June 6 (XINHUA)—Shanghai has set a record in approving the establishment of foreign-funded projects this year.

A survey shows that the country's largest economic center approved 1,612 contractual projects from 43 countries and regions in the first five months of this year, up three percent over the same period of last year. These projects involve 3.85 billion U.S. dollars worth of investment commitments, up 11 percent.

The number of projects solely funded by foreign investors during this period is double the figure of last year, according to the survey.

The city's industrial sector still takes the lead in attracting foreign investment, followed by real estate and public utilities.

The survey said that Hong Kong is the number one investor in this leading industrial center, with the United States second and Japan third.

By the end of May this year, the number of foreign-funded projects in the city had climbed to 8,551 from 50 countries and regions with combined investment commitments worth 17.55 billion U.S. dollars.

Shanghai Prosecutors Crack Tax Evasion Cases

OW0606080294 Shanghai JIEFANG RIBAO in Chinese
29 May 94 p 2

["An Informant's Letter Leads to the Cracking of 11 Cases" (by reporter Zhu Kang (2612 1660))]

[Text] Acting on a letter from an anonymous informant, the tax prosecution office of the New Pudong District procuratorate recently uncovered 11 cases involving a total of over 500,000 yuan in evaded taxes, of which more than 400,000 yuan has so far been recovered.

In mid-March, the office received a letter containing information about Xu Peide [1776 1014 1795], a worker of the Gaohua Engineering Company who was temporarily transferred to the job of port supervisor at another unit. Xu was accused of illegally operating a restaurant named Xiaosha in Gaoqiao for eight months; he opened the restaurant in April 1993 but applied for a business license only in December. Even after he began running the restaurant legally, Xu continued to evade taxes by issuing fake receipts. At the same time he secured a business license he also secured special receipts for traders at the Fengjing Shopping Mall. He then made use of the preferential tax break for the Fengjing Shopping Mall to write receipts for others who intended to evade taxes and charged them a "management fee."

Chen [7115], chief of the tax prosecution office's investigation team, went to Gaoqiao with his subordinates,

Pan [3382] and Zhang [1728], to investigate the case and found some two dozen fake receipts written by Xu Peide. Later, they also discovered that Shen Wenhui [3088 2429 5706], a nonpermanent resident of Shanghai, had, by using receipts issued by a tax-free unit, evaded 10,000 yuan in taxes payable for a 100,000 yuan project he contracted for at the Baohua Ready-Mixed Concrete Plant. That evening, Shen Wenhui's case was placed on file for investigation and prosecution.

Next, the public prosecutors learned that Xu Peide had collected 11 unused receipt booklets in less than one year after he opened the restaurant in April 1993. They took swift and fierce action against Xu. Xu first gave the names of six buyers of his fake receipts that evening, and disclosed two more names while under investigation. In the course of investigating the eight cases, the public prosecutors uncovered two more serious cases each involving over 50,000 yuan in evaded taxes.

Shanghai's Space Industry Achievements Detailed

OW0606060294 Shanghai JIEFANG RIBAO in Chinese 30 May 94 p 1

["Special report on the 45th anniversary of Shanghai's liberation" by reporter Zhang Zhiyuan (1728 5268 6678): "Having Sent 16 Satellites Into Space and Gone Through Four Stages From Scratch, Shanghai's Space Industry has Achieved World-Renowned Results"]

[Text] Starting from scratch, Shanghai's space industry has developed a complete research and development system for carrier rockets and artificial satellites. After carrying its first launch assignment with a large carrier rocket, Shanghai sent 16 artificial satellites into space on 13 occasions, either independently or through joint efforts, with a 100-percent success rate. This has stunned the world's space industry.

The first and second stages of the "Long March-3" rocket, which won a special state award, were developed by Shanghai's space industry base with the New China Machinery Plant—the main assembly plant—as the core. For several years after that, scientists, engineers, and technicians from the space industry base's 300-plus research departments, institutions of higher learning, and production enterprises dedicated themselves to the independent development of the large "Long March-4" carrier rocket of advanced world standards, as well as the new, two-stage liquid-propellant "Long March-2d" rocket.

Since the initial stage of large carrier rocket research and development, Shanghai's space industry base has leapfrogged through four stages. During the first stage, which began on 26 July 1975, Shanghai designed and developed the "Windstorm-1" rocket with the support and assistance of other concerns at home, and then used it to send the "Sky-1" satellite into space. During the second stage, which began on 20 September 1981, Shanghai and other domestic concerns jointly completed our country's first assignment of launching three satellites into orbit on

a single rocket. During the third stage, which began on 8 April 1984, Shanghai and other domestic concerns jointly sent our country's first geostationary experimental communications satellite into orbit on the "Long March-3" rocket. During the fourth stage, Shanghai splendidly accomplished the assignment of launching "Asiasat-1," the first foreign satellite launched by our country for commercial purposes. The satellite, which was manufactured by the U.S.-based Hughes Aircraft Company, was an "extraterrestrial visitor." Sent into space by a U.S. spacecraft in 1984, it could not enter the predetermined orbit due to engine trouble. Nine months later, it was retrieved by the mechanical arm of a U.S. spacecraft. The satellite immediately began communications and broadcasting services after it was successfully sent into orbit by the "Long March-3" rocket.

Toward the end of the sixties, Zhou Enlai, then-premier of the State Council, advanced the idea of developing space technology in the old industrial base of Shanghai, citing its strengths such as a sound industrial base, extensive academic disciplines, cooperation-friendly conditions, and a plethora of scientific research institutions. By now, Shanghai has trained and groomed a specialized technical corps capable of designing entire space vehicles and various subsystems, developed a complete research and development system for carrier rockets and artificial satellites, and established a space industry cooperation network comprising more than 300 institutions of higher learning, research departments, and factories. Moreover, Shanghai has installed testing apparatus and equipment of fairly large scale, such as rocket engine and cold-flow test beds.

Shanghai's space industry is converting its technological strengths into tremendous social and economic benefits. It has used its technology to build space-related systems, such as satellite television ground receiving systems and large radio and television acoustics systems, some of which have made their way onto the international market. Moreover, it has produced more than 1 million iceboxes for use in space.

Zhejiang Trial of Qiandao Lake Incident Suspects

OW0306135794 Beijing XINHUA in English 1305 GMT 3 Jun 94

[Text] Hangzhou, June 3 (XINHUA)—The Hangzhou City People's Procuratorate instituted a prosecution here today against three accused in the case of the boat-fire tragedy which claimed the lives of 32 people, including 24 Taiwan tourists, in east China's Zhejiang Province.

Public trial of the case will be handled soon by the Hangzhou City Intermediate People's Court.

A collegiate bench has been formed by the Hangzhou City Intermediate People's Court, in accordance with the law. Copies of the indictment have been sent to the three accused—Wu Lihong, Hu Zhihan and Yu Aijun.

On March 31, the pleasure boat "Hairui" was set ablaze on Qiandao Lake in Zhejiang Province. No one aboard survived.

Zhejiang Top Environmental Protection Province

OW0606085794 Beijing XINHUA in English 0844
GMT 6 Jun 94

[Text] Hangzhou, June 6 (XINHUA)—East China's Zhejiang is the country's top province as far as environmental protection goes.

It tops the list when it comes to environmental quality, and its forest coverage rate is 46 percent, also one of the highest rates in China, according to an appraisal of environmental quality made by the ecologic research institute of the Chinese academy of sciences.

In recent years, with the development of township enterprises, environment pollution has increased accordingly, and the provincial government has formulated regulations to deal with the problem, according to a recent forum to mark world environment day sponsored by the provincial environment protection bureau.

For example, while promoting silkworm breeding and fruit production, the provincial government decreed regulations concerning fluorine pollution. In addition, to ensure the purity of the water used in making the famous local Shaoxing rice wine the provincial legislature enacted a set of regulations to protect Jianhu Lake.

The local government has also emphasized controlling the pollution caused by township enterprises engaged in printing, dyeing, tanning, chemical engineering and papermaking.

The province has set up various kinds of nature reserves and scenic resort areas to protect rare animals and plants, natural scenery, water, and cultural relics.

Central-South Region

Guangdong Jams Transmission of Tiananmen Square Documentary

HK0606061094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 94 p 1

[Text] China last night jammed transmission into the mainland of a controversial ATV documentary about the Tiananmen Square massacre. Instead, Guangdong viewers who normally receive Hong Kong TV, saw a concert by the pop star Sally Yeh. ATV Home viewers said an episode of the Justice Pao series was shown and then the graphics for the ATV documentary series News Magazine came up. The screen then went black and the concert started.

The documentary, mainly re-edited from old film taken by ATV in Beijing five years ago, provoked a row in

Hong Kong last week when six of the station's senior staff quit after learning that management was refusing to show it.

The programme's host, assistant news controller Selina Li Yuk-lin, was one of those who resigned. She closed the show by saying: "Thanks for watching and thanks for your support."

Overseas Investors 'Keen' on Guangdong Expressways

OW0606084394 Beijing XINHUA in English 0830
GMT 6 Jun 94

[Text] Guangzhou, June 6 (XINHUA)—Overseas investors are keen on the construction of expressways in Guangdong, a flourishing province in south China.

Construction contracts involving 50.4 billion yuan (5.8 billion U.S. dollars) have been drawn up between Guangdong and overseas investors since 1993, local officials said.

The overseas investment, which accounts for 61.9 percent of construction funding, comes from the United States, Brazil, Malaysia, France and Hong Kong.

Local officials said that the existing highways are far short of the economic boom. The daily flow of cars on most highways in the province surpasses 5,000, with some even reaching 10,000.

Under construction are expressways from Guangzhou, the capital city, to Zhuhai, a special economic zone, between the special economic zones of Shenzhen and Shantou, and along the coast from Yangjiang to Zhuhai.

Besides, Guangdong Province has already signed agreements of intent with overseas partners for the construction of the Guangdong section of the Beijing-Guangzhou Expressway and three other expressways. The projects are expected to be started next year and completed by 1998-99.

Guangdong To Sell Public Utilities Stakes to Foreigners

HK0406050694 Beijing in English 0454 GMT 4 Jun 94

[Text] Guangzhou, June 4 (CNS)—The Guangzhou Municipal Administrative Bureau and the Guangzhou Water Company signed letters of intent separately with foreign businessmen recently to sell some bridges, tunnels and 60 percent of stake in the water supply company for a 30-year term. [sentence as published]

This is for the first time for the transfer of stake in public utilities in China. [sentence as published] The letters of intent mainly stated that a business group would like to buy some public utilities in the municipality including the People's Bridge, the Haizhu Bridge, the Haiyin Bridge, the Guangzhou Bridge, the Pearl River Tunnel and 60 percent of stake in three water plants. The two sides would set up a cooperative company to run the four

bridges, the tunnel and the three water plants. The foreign investor accounts for 60 percent of stake in the cooperative company and the Chinese side makes up the rest 40 percent. The term is set for 30 years and the management would return to the municipality on expiry of the agreement. Economic return that the foreign investor would receive is put at 17.5 percent from the municipal facilities and 17 percent from the water plants.

The cooperative company is considered a franchised entity and the charging rate for bridge and tunnel toll as well as for water rate is under the control of the municipal government. The foreign partner of the cooperative company will offer capital in accordance with its stake in the company to fund construction of three new bridges and a water plant.

The opening of municipal facilities to foreign businessmen for management is regarded as a breakthrough to raise capital. Such practice would help alleviate long-term shortages of capital for urban construction. Some persons are, however, convinced that inflation would be brought about because the basic expense for daily living has to increase as a result of commercialization of the public utilities.

A formal agreement on these items will be signed this month.

Guangdong Factory Collapses, Traps Over 100 Workers

Safety Standards Questioned

HK0506044994 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 94 pp 1, 2

[By Billy Wong Wai-yuk and Beverly Chau in Longgang and Queenie Wang in Hong Kong]

[Text] More than a hundred workers are believed to be trapped in a mainland factory which collapsed yesterday, killing at least six people. Reports suggested that 200 people were sleeping in the five-storey building in Longgang, near Shenzhen, when it collapsed at 7.30 am—and the death toll seems certain to rise today as rescuers delve further into the debris.

Hospitals said 63 people, mostly women aged between 15 and 25, were injured in the tragedy. Nine were in a critical condition. Chinese officials claimed that the building, the Xie Cheng toy factory, was owned by a Hong Kong businessman known as Mr Wong. It had been built without permission, they said.

Last night reports said he had been arrested by Shenzhen police, although workers at the site maintained the owner was from Fujian. Local government spokesman Huang Xinhua said: "We have learned that the factory boss had not obtained permission to build and had not taken out insurance for the work.

"Workers, mostly women from the countryside, were sleeping in the building when the disaster occurred." The factory comprised about 2,000 square metres and was situated about 40 kilometres from Shenzhen, outside the Special Economic Zone.

Li Xiaogan, a spokesman for Shenzhen Municipal Government, said the rescue effort would continue overnight and into today. He said construction of the building began about two months ago. Three storeys had been completed and work had started on the remaining two. Most of the workers, believed to have come from Sichuan, Hunan, Henan and Anhui provinces, were given temporary accommodation on the first and second floors. As a result, said Mr Li, identification of the dead could take some time.

Shenzhen's mayor, Li You-wei, rushed to the scene to help organise the rescue effort as soon as details of the tragedy emerged.

Weeping eyewitness Deng Suo, 20, who was employed at the factory, recalled the fatal moment when she lost many of her friends and colleagues. "I heard a very big crash when I was waking up. I knew something terrible must have happened. I rushed out and saw the five-storey building collapse into rubble," she said. "I didn't know what to do. My friends were inside. We sent someone to call the police and did what we could to help." Deng Suo said there was so much chaos and heavy masonry that they were powerless to help. Some people were so distraught they just clasped each other and cried.

Another eyewitness, Deng Maoling, 19, said she felt the ground move when the building collapsed. "I felt the ground shake. I thought I was in a dream. When I realised what had actually happened, it was worse than a nightmare," she said.

The development originally comprised one five-storey block, accommodating more than 1,000 workers, she said. The ground floor was used as a factory and the upper four floors were dormitories. "The owner wanted to develop the business and was trying to employ more workers. So they started to build a new block two months ago. They moved more than 200 workers from the original block to the second floor of the new building which was still under construction," she said.

Deng Maoling said she had been waiting 10 hours to see if any of her friends would come out alive. She claimed she had counted many people, including six dead bodies, being brought out. "I'm sure many of them are still in the rubble," she added.

Victims were taken to Longgang County Number Two People's Hospital, the biggest in the area. An employee there said some were seriously injured, suffering broken arms and legs. One victim was seen in the casualty ward lying motionless on a stretcher with his head bandaged and bleeding profusely from the nose. Further eyewitness accounts were prevented by Public Security Bureau

officials "acting on orders from above," who briefly detained reporters and confiscated film.

The accident is expected to renew debate over the safety of factories—particularly those owned by Hong Kong entrepreneurs—in China. Last November, 84 people died in a blaze which swept through a toy factory owned by a Hong Kong businessman in the Shenzhen Special Economic Zone. The businessman, Lo Chiu-chuen, is currently in jail in China awaiting trial.

Factory Ownership Further Identified

HK0506071994 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 5 Jun 94

[Text] A five-story factory building in Shenzhen City's Longgang District suddenly collapsed at 0730 yesterday, trapping 106 workers who were staying in the factory dormitory on the second floor of the building beneath collapsed concrete ceilings.

After the collapse, the Longgang District Government immediately set up a rescue command center at the scene and organized members of the party, government, and Army to start a rescue operation with all their strength. Li Youwei, secretary of the Shenzhen city party committee and mayor, and other officials also rushed to the scene to attend to the operation. By the time this report was filed last night, a total of 63 casualties had been hospitalized, of which 34 were still in the hospital, four had died, and nine were seriously injured.

It has been verified that this building belonged to the Jiecheng Plastic Factory, which is wholly owned by Hong Kong businessman Wang Chengen. The factory building had been built on a plot of reclaimed land, formerly part of a river bed, which had been filled with soft soil. The construction had been started hastily in the absence of any architectural plans, before any application had been lodged with the authorities, and before any legal examination and approval procedures had been completed. Both the steel frame and the beam and column concrete support structures were of inferior quality; the project's quality control was not up to standard; and the building had been put into use before all the construction work was completed. The rescue operation is still in full swing.

Service Industries Growing Fast in Guangxi Capital

OW0606081694 Beijing XINHUA in English 0741 GMT 6 Jun 94

[Text] Nanning, June 6 (XINHUA)—The service industries here in the capital of the Guangxi Zhuang Autonomous Region have seen fast development in the past year.

Their added value in the city last year reached 4 billion yuan, an increase of 35 percent over the previous year.

A government official said that the added value accounted for 42.12 percent of the gross domestic value

of the city and the growth rate of the service industries was higher than other industries.

He said that now there are about 390,000 people in Nanning city who are engaged in the service trade, accounting for 15 percent of the total population.

About 130,000 people and over 50,000 self-employed households are now engaged in commercial business.

The telecommunications services in the city are also being expanded. Last year, the city invested more than 300 million yuan in the construction of telecommunications.

Now the city has 88,000 automatically-controlled telephone lines and more than 5,000 mobile telephone users.

The rapid development of the service industry in the city has improved its investment environment.

Last year, the city introduced about 800 million yuan from domestic-funded projects and more than 80 million U.S. dollars' worth of foreign-funded projects.

Now Nanning city has 386 foreign-funded enterprises with 110 engaged in the service trade.

Charity Society Set Up in Guangdong Province

OW0506132894 Beijing XINHUA in English 1253 GMT 5 Jun 94

[Text] Guangzhou, June 5 (XINHUA)—A charity society, with support and donations from Guangdong government units and noted personages from Hong Kong, Macao and Taiwan, opened in Guangzhou today.

Statistics show that there are still 60,000 widows, orphans and people living in poverty in Guangzhou.

The charity society was initiated by the Guangzhou Municipal Bureau of Civil Affairs and others who promote social charities, then it received support from 30 well-known personages of Hong Kong, Macao and Taiwan as well as from 150 Guangdong provincial and Guangzhou municipal government units.

Up to present, the donated money totals 19 million yuan and six million H.K. [Hong Kong] dollars.

Ma Man-kei, vice-chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee and chairman of the Chinese General Chamber of Commerce of Macao, Wu Mengzhao, deputy secretary of the Communist Party of China Guangzhou Municipal Committee and chairman of the CPPCC Guangzhou Committee, and other noted personalities were named as honorary presidents.

The vice-governor of Guangzhou is the president of the society.

Hubei Hydro Power Generating Unit Becomes Operational

OW0506010594 Beijing XINHUA in English 0041
GMT 5 Jun 94

[Text] Wuhan, June 5 (XINHUA)—A new hydro power generating unit with a capacity of 300,000 kw went into operation last Saturday [4 Jun] at Geheyan Hydro Power Station in Hubei Province.

Funded by a Canadian loan of 108 million U.S. dollars, the Geheyan Power Station, a major peak and frequency modulation power plant in the central China power grid, will have four generators with a total generating capacity of 1.2 million kw. The newly added generating unit was jointly designed by China and Canada and built in Harbin, northeast China.

Two units which had gone into operation earlier, were built by Canada.

The construction of the Geheyan Station is now in its final stage.

Hubei Gets Loan To Fight Pollution in Chengde, Tangshan

OW0306132694 Beijing XINHUA in English 1305
GMT 3 Jun 94

[Text] Beijing, June 3 (XINHUA)—The Asian Development Bank (ADB) has approved a 140-million-dollar loan to help two Chinese cities fight environmental pollution.

According to an official of the International Department of the People's Bank of China, ADB loans to China this year are expected to top 1.2 billion U.S. dollars, about the same as last year.

The 140-million-dollar loan will have a maturity term of 25 years and carry an interest rate of 6.7 percent.

It will mainly be used to build gas facilities in Chengde and Tangshan, two cities in north China's Hubei Province which have long been plagued by air pollution caused by burning coal instead of gas.

Since China obtained ADB membership in 1986, it has received a total of 3 billion U.S. dollars' worth of loans from the organization, most of which have gone to projects in infrastructure construction, environmental protection and programs to relieve dire poverty.

New Hubei Expressway Begins Operations

OW0306155394 Beijing XINHUA in English 1503
GMT 3 Jun 94

[Text] Wuhan, June 3 (XINHUA)—A new 17.8-km expressway opened to traffic today in Wuhan, capital of central China's Hubei Province.

Vice-Premier Zou Jiahua sent a message of greetings to the opening ceremony, calling the project successful cooperation between Hong Kong and China's Mainland.

Co-funded by the Hong Kong New World Group Ltd. and Wuhan city, the 400 million yuan expressway runs from Wuhan city centre to Tianhe Airport.

Southwest Region

Tibet's Gyaincain Norbu's Address to Regional Cadres

OW0406193094 Lhasa XIZANG RIBAO in Chinese 24
May 94 p 1, 3

["Speech by Gyaincain Norbu at an autonomous regional meeting of provincial- and prefectural-level cadres on 22 May 1994"]

[Text] Comrades:

The Second Sessions of the Sixth Autonomous Regional People's Congress and the Sixth Autonomous Regional Committee of the Chinese People's Political Consultative Conference [CPPCC] are being held at a crucial moment when the autonomous region is accelerating its reform and opening up. Over the last week and more, the two sessions have concentrated on discussing the main topics of reform, development, and stability as well as the general task of "seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability." They have fully displayed the superiority of the people's congress system and the political consultation system in actively discussing the important issues of Tibet. Entrusted by the people of all nationalities and all walks of life in Tibet, the people's congress deputies and the CPPCC committee members, with a high degree of sense of responsibility, have realistically appraised last year's government work, seriously examined and discussed this year's government work plans, put forward many valuable comments and suggestions, and placed ardent expectations on governments at all levels. We must treasure very much the encouragement given to all government functionaries by the people's congress deputies and the CPPCC committee members. We must treat the people's demands and aspirations in a very responsible way and live up to their expectations. We must take the current opportunity to enhance vigor, work diligently and conscientiously, and do even better government work to make the 2.3 million people of all nationalities in Tibet rest assured and satisfied.

In the work of stabilizing the situation and the antisplitist struggle, our situation is more special, our struggle is more complex, and our tasks are more arduous than other parts of the country. The work of stabilizing the situation is an important task shared by the party committees, the public security and judicial departments, and governments at all levels. Although our reform and development tasks are particularly arduous this year, we

must not attend to one thing only and lose sight of another. We must attach equal importance to both the work of maintaining stability and the work of promoting reform and development, attend to both constantly and unremittingly, and ensure social stability. Next, I will discuss several points of view regarding the economic work.

1. The present economic situation

Since the beginning of this year, governments at various levels, seriously adhering to the guidelines of the Fifth Enlarged Plenary Session of the Fourth Tibet Autonomous Regional CPC Committee and the regional economic work conference, have achieved initial success in deepening reforms, opening the region wider to the outside, and developing the economy. While striving for the overall progress of reform, the governments have taken the crucial step to formulate comprehensive reform plans. All productive and business activities are proceeding smoothly, and the economic operation as a whole is basically normal.

Agriculture, Animal Husbandry, and Rural Economy—In this year, various localities are continuing to strengthen leadership over the work in rural and pastoral areas, formulating and implementing productive measures, continuing to readjust the production structure, and increasing the ratio of cash crops and fodder crops in grain-producing areas. The autonomous region is growing 3.23 million mu of crops, up 2 percent from last year. Of the crops, grain occupies an area of 2.82 million mu, the same as last year; rape accounts for 240,000 mu, up 33 percent from last year; and fodder crops cover 170,000 mu, up 70 percent. Since last summer, some localities have suffered droughts due to less rainfall, and other localities have experienced storms and snow storms. However, the loss in animal husbandry was less than anticipated thanks to efforts to combat natural disasters and protect livestock. Of 2.38 million newborn animals in the region this year, 1,794,000 had survived as of the end of March; and the survival rate was 76.1 percent, slightly lower than last year's corresponding period. In the same period, 850,000 full-grown animals died; and the death rate was 3.7 percent, slightly higher than last year's corresponding period.

Industrial Production and Transport Service—The region's total industrial output value in the first four months was 113 million yuan, up 2.4 percent from the same period of last year. The outputs of all major products increased during the period as compared with last year's corresponding period, except those of timber and cement which decreased somewhat. Electric power generation increased by 7.7 percent; chromium ores, 82.5 percent; boromagnesite, 65.2 percent; leather, 108.8 percent; wool, 25.9 percent; and flour, 28.3 percent. State-owned transport service handled 152,900 tonnes of cargo, up 14.8 percent from last year's corresponding period. Of the cargo transported, inbound goods increased by 22.6 percent, outbound goods rose 10.6

percent, and [unintelligible word—possibly Tibetan Language] [fen yun 0433 6663] increased by 10.9 percent.

Capital Construction—Projects under construction and continued from the previous year proceeded fairly smoothly. A total of 230 million yuan was invested in capital construction in the period from January through April, accounting for 11.42 percent of this year's investment target and slightly higher than the figure in the same period last year. There were 16 above-norm projects continued from the previous year and 10 above-norm projects being newly launched.

Foreign Trade and Tourism—During the period from January to April, the value of contracts for imports across the border reached about \$333,900 and the export turnover amounted to \$1.36 million; both grew 100 percent over the same period last year. The value of contracts for imports via shipping service amounted to about \$20.69 million, \$20.09 million more than the same period last year; exports were valued at \$31,400, up 100 percent from the same period last year. Travel agencies received 1,972 foreign tourists, with a business income of 19,573,300 yuan and \$374,600 in foreign exchange earnings.

The Situation of Revenue—Tibet collected a total of 52.877 million yuan in taxes from January through April; this includes 29.233 million yuan in industrial and business taxes, up 16.7 percent from the same period last year.

Banking Conditions—By the end of April, Tibet had issued a total of 3.553 billion yuan in various kinds of loans, and savings totalled 3.837 billion yuan, 831 million yuan and 764 million yuan more than the figures in the same period last year, respectively. Savings deposits in urban and rural areas reached 986 million yuan by the end of April, 29.2 million yuan more than the same period last year. The issuance of state bonds has been completely successfully.

There are still some problems that must not be left unattended in the current economic work: 1. some pastoral areas hit by storms and blizzards are having a hard time fighting disasters and keeping their livestock; 2. due to price hikes and other reasons, enterprises' production cost has risen and operation are difficult; 3. the financial and taxation situation is not promising; prefectures, cities, and units are crying loudly for a supplementary budget; collection of some categories of taxes is not satisfactory, even declining; 4. affected by the price readjustment in the hinterland, prices for the basic necessities of life and means of production in Tibet are rising rapidly; many residents and people living in agricultural and pastoral areas have strong resentment because their lives are conspicuously harsh.

2. Conscientiously Organize and Implement Reform Programs

Since the beginning of this year, we have made the establishment of a new socialist market economic structure our goal and, in light of the state's reform arrangements, concentrated our efforts to work out a series of reform programs which have taken Tibet's situation into consideration. In the second half of this year, we will successively issue reform programs for the oil industry, foreign trade, and others as well as policies aiming at properly solving the wage problem in some enterprises. The reform for this year requires greater effort, involves a wider scope, sets higher demands, poses more difficulties, and creates more hard work. Judging from the current situation, our principal problems are that the reform has not been carried out satisfactorily and has proceeded slowly. To make sure all reform programs will be carried out smoothly, we must pay attention to the following aspects at present:

First, we must enhance our steadfastness in reform. Tibet's rapid economic development in recent years should, in the final analysis, attribute to reform and opening up. The practice has proven that without reform and opening up, there will be no way for Tibet to develop its economy. Reform will certainly involve readjustment in the structure of interests and even affect the temporary interests of some areas and people in a certain period; thus a variety of serious difficulties arise. There are many problems, particularly those concerning the economic field, that must be resolved through deepening reform and accelerating development. We cannot waver in our resolve in reform and consider resuming the old path of a planned economy whenever we meet difficulties. Reform is like a boat sailing against the current; it must forge ahead, or it will be driven back. We should be aware that people of all nationalities in Tibet, particularly leaders at various levels, are on the same boat of reform; only by helping each other, unifying their minds, and braving the wind and the waves can they successfully reach the opposite bank. In the midst of torrents and rapids, all the pessimism, disappointment, complaints, and censures will be of no avail. Therefore, on the issue of reform, we must strengthen our belief, take the overall situation into consideration, and set our eyes on the future; leaders at and above county level, particularly, must unify their thinking and paces; press forward and be brave in taking risks in the face of difficulties; actively guide and organize the people to come up with methods, countermeasures, and answers with the new ideas of the development of a socialist market economy; and fulfill their responsibilities as leaders. Only by doing so can we truly put the overall situation of reform under control.

Second, we should fully understand the contents of the reform. The reform plans to be implemented this year consist of a wide range of things and new concepts; therefore, study of these reform plans is arduous work, especially at a time when we are still quite unfamiliar with the basic theory of the socialist market economy. Currently, the pressing task is for leading cadres at all

levels to gain a good understanding as soon as possible of the basic contents of all reform plans, the applicability of the established policies, and specific skills for implementing these policies; to ensure training of specialized personnel; to ensure that the established policies are not interpreted one-sidedly; and to see that implementation of these policies is not delayed and the reform plans are carried out faithfully.

Third, we should ensure a good job in conducting propaganda and in explaining the reform plans to the masses. Reform is an undertaking for all the people. We can achieve nothing if we solely rely on the efforts of leaders and specialized personnel and if we lack the masses' understanding, support, and participation. Therefore, we should focus propaganda work on the grassroots. We should publish popular and easy-to-understand propaganda materials to meet the needs of peoples at various educational levels; we should hold radio and television lectures, publish special columns in newspapers and magazines, and organize lectures by specialized personnel to conduct elaborate propaganda to enable the masses to understand the basic contents of reforms. In addition, we should clearly define the established policies, defuse the masses' misgivings and misunderstanding, and encourage them to actively and self-consciously devote themselves to carrying out reform.

Fourth, we should quicken the pace of implementing the reform plans. In laying down the general demand of the whole party's work, central leaders begin with "Seize the Opportunity To Deepen Reform." Therefore, we must not miss the current good opportunity for reform. Judging from the developments in the last few months, the slower reform is carried out, the more problems are accumulated and the more difficult it becomes to solve them. Therefore, we must quicken the pace of our work. On the one hand, general affairs departments and departments in charge should concentrate their efforts on formulating feasible relevant measures to support reform and implement these measures as soon as possible. On the other hand, as clearly stated in the policy of reform, we should address ourselves to implementing those measures that are more complete. Problems common to reforms in various fields may be referred to the next higher authorities. But, no one is allowed to change established measures and invent their own.

3. Ensure a Good Job in Current Production Work and Properly Arrange the Masses' Daily Life

This year's economic work was set forth in detail at the economic work conference early this year and at the current people's congress meeting, and it is being carried out in all localities. Here I would like to stress work in five of the many fields.

The first is agricultural and animal husbandry production. While strengthening field management, doing work to prevent natural disasters, and restoring production work in disaster-stricken areas, we should build capital

water projects in a timely manner for farmlands and grasslands. The second is that, industrial and transportation enterprises should increase their vitality through deepening reform, should strive to improve their profitability, and should improve their efficiency by improving management. The third is to properly carry out construction of key projects. We should ensure that construction is carried out as scheduled, ensure construction quality, and ensure that the annual construction plans are fulfilled. The fourth is to do a good financial and taxation job. This year's financial budget has been examined by the people's congress. We should do our work strictly according to the budget to uphold the budget's solemnness. In principle, no extra budgets will be granted, barring special situations. Regarding taxation work, localities experiencing shrinking tax revenues should seriously look into the causes and take measures to ensure that their tax revenue plans are fulfilled. [no fifth point as published]

Here, I would like particularly to mention the problem in people's livelihood. Generally speaking, we have achieved positive results in improving the living standards of the people in the agricultural and pastoral areas of our region. But we should not be too optimistic about the work of helping people get rid of poverty and become rich. We should not overestimate the income standard of peasants and herdsmen. It should be noted that there are many people who have not yet solved the problem of having enough food to eat and clothing to wear. With the introduction of the state's reform policy and price readjustment in the hinterland, our region is experiencing an excessive growth in commodity prices. On top of that, some areas in our region witnessed natural disasters last year. At present, people in our region have many problems in their livelihood. In accordance with the investigations conducted by the regional government in various localities and opinions expressed at the sessions of the regional people's congress and the regional committee of the Chinese People's Political Consultative Conference, all localities are experiencing grain shortages to some extent. Some households have even run out of grain. Some workers and staff members of enterprises are also experiencing hardship in their daily life. These are problems deserving our great attention. Areas with grain shortages should take care to transport grain and ensure the supply of the people's food. Meanwhile, all localities should work hard to raise funds for helping the poor and relieving disasters. They should ensure provision of aid to the people in a timely fashion. Efforts should be made to organize people in Ali [7093 6849] and other areas severely affected by the natural disasters to provide for and help themselves by engaging in production. At the same time, we should pay attention to the prevention and cure of epidemic diseases. People are strongly complaining about unwarranted price hikes and arbitrary exaction of fees. Price control is an urgent and heavy responsibility for the government. Some other problems are likely to occur if we fail to adopt effective measures. To effectively control the excessive growth of commodity prices and stabilize the people's livelihood, it is

necessary to strengthen macroeconomic control; conscientiously improve price and market control by comprehensively using legal, economic, and administrative means; carry out the practice of showing the price for each commodity; resolutely stop the illegal practice of driving up prices; and strengthen the supervision of prices of people's daily necessities. In the near future, the Planning Commission will carry out measures for supervising the prices of 19 basic necessities including grain, edible oil, and tea as well as prices in the service industry. This is an effort to control prices within a limit that most of the people can bear. To check the excessive growth of prices and combat unfair trade practices, it is advisable to formulate regulations for combating price cheating and exorbitant profits. Such regulations can be formulated by the Price Bureau with the help of departments in charge of industrial and commercial affairs and taxation. It is necessary to carry out this year's price inspection in a thoroughgoing manner. Active efforts should be made to raise funds and establish a reserve system for important materials such as grain, tea, and salt so as to strengthen our ability to control commodity prices. Further efforts should be made to control the charging of various fees. Last year, 87 kinds of fees were abolished after consolidation. As a result, the phenomena of arbitrary exaction of fees was under control. But such phenomena cropped up again in recent months, particularly in Lhasa city. Therefore, it is necessary to continue to consolidate administrative fees and business charges. Resolute efforts should be made to ban any fees that are unreasonable, without proper authorization, or not within the proper scope. With the help of the Economic Planning Commission, the Finance Department should work harder to carry out this work.

4. Pay Close Attention To Making Proper Preparations for the Construction Projects To Be Carried Out as a Tribute to the Grand Celebration [of Tibet's 30th Founding Anniversary]

The central authorities are very concerned about Tibet's economic development and social progress. Earlier, the central authorities sent special working teams to Tibet to survey and study projects in a bid to help it map out a long-term development program. After conducting on-site surveys, they basically reached a consensus with the autonomous region. Preparations are in full swing now; the projects reported to the higher authorities are under consideration; and arrangements for these projects are being made. These projects requested by Tibet center on agriculture, animal husbandry, infrastructure, and social development. They proceed from the interests of the whole region and take into consideration the need for the construction and development in the future. A portion of the preliminary work has been completed already. As regards those projects whose conditions are ripe for the commencement of construction, we must pay close attention to ensuring that funds are channelled to their proper recipients so that construction may commence at an early date. As regards those projects that need to be reported to the higher authorities for approval later on, we must make whatever readjustments are necessary and

give as much priority to important projects as possible on the basis of the suggestions made by the working teams. If preliminary work is found to be inadequate, we must make the best use of time available to make careful calculations, to prepare an accurate list of materials in detail, and to report them promptly to higher authorities. As there is only a little more than a year left before the time for our grand celebration arrives, we face heavy tasks and are pressed for time. All prefectures, cities, and departments certainly must organize competent teams to make proper preparations for commencement of construction. They must make concerted efforts and closely coordinate with each other under the unified command of Tibet's leading group for projects so that construction may commence immediately after projects are approved and a guaranteed number of projects may be completed with guaranteed construction quality.

Those construction projects which have been included in the autonomous region's plan and are scheduled for completion around the time of next year's grand celebration must be treated as the 61 projects which are to be carried out as a tribute to the grand celebration. They must be placed under unified management. All quarters must guarantee that their construction jobs are completed on schedule to pay tribute to Tibet's 30th founding anniversary.

5. Change Work Style and Pay Close Attention to Implementation

Generally speaking, the work style of organs and leadership in Tibet is good. However, lax enforcement of discipline, dilatory work style, low efficiency in handling official business, shifting responsibility to others, and arguing back and forth do exist in some departments and units. Some leading cadres confuse themselves with ordinary citizens. Instead of positively devising ways to solve problems that have cropped up in carrying out work, they blame others, grumble, and complain as if they were bystanders. Some individual departments and leaders even show out-and-out disregard for orders and bans. They adopt an attitude of overtly complying with but covertly opposing the decisions made by party committees and governments. As a result, some important decisions cannot be implemented even after stalling for a long time, thus producing undesirable influences.

This year's tasks on reform, development, and stability are very heavy. Under such circumstances, leaders at all levels and all government functionaries must show a strong sense of devotion and responsibility, and redouble their efforts in a spirit of seizing every moment. Our power is given by the people. Our government is called a people's government mainly because it serves the people in a down-to-earth manner. This is a fundamental difference from a nonpeople's government. Hence, we must further change our work style and mental attitude, mingle with the masses, plunge into the thick of reform, and go to the frontline of production to study new circumstances, solve new problems, spread new experiences, and raise various areas of work to a new level. The

authorities of Qamdo, Xigaze, and Shannan recently sent work groups of various sizes to farming and pastoral areas to conduct investigations and studies and to provide work guidance. It is hoped that all autonomous regional departments and all prefectures and cities will take active measures to send competent work groups to the grass roots to implement the guidelines of the "two sessions."

I would like to take this opportunity to reiterate family planning work. It is our country's long-term basic policy to practice family planning, control population growth, and improve the quality of its population. The "Decision on Strengthening Family Planning Work and Strictly Controlling Population Growth" promulgated by the party Central Committee and the State Council noted explicitly: "Family planning should be practiced among minority nationalities to raise the economic and cultural levels of minority areas and to improve national quality." The State Family Planning Commission and the State Nationalities Affairs Commission last year specifically convened a national conference on family planning among minority nationalities, and formulated relevant policies and measures. Our region still experiences rather rapid population growth. According to the fourth national census, the national birth rate stood at 21.06 per thousand, whereas the birth rate of our region was a high 27.6 per thousand. The region's population growth over the past 10 years has averaged 38,000 people each year, resulting in a total population of 2.318 million people at the end of 1993. Failure to exercise due control will not only make it difficult to improve the overall quality of the population and to effectively improve living standards, but will also only sharpen the contradiction between population and economic development, resource utilization, and environmental protection. Therefore, an urgent task confronting us is to carry out family planning work and allow the population to grow in a planned way. We must now focus on three tasks. 1) We should improve our understanding and unify our thinking. The regional party committee and government take family planning work seriously. They have incorporated birth control into the overall plan for regional economic and social development, and laid down the guiding thought for family planning, which states clearly: We should regard family planning as a fundamental plan for developing the economy and improving national quality. Keeping in mind the need to facilitate economic construction, the fight against poverty to promote prosperity, the improvement of living standards, and gradual national economic growth, we should devote great efforts to improving the quality of the population so that Tibet's population will grow in coordination with the development of various economic and social services. Leaders at all levels should seriously study documents and regulations regarding family planning, gain a profound understanding of the guidelines of those documents and regulations, enhance their understanding, and improve family planning work along with economic construction. 2) We should stabilize the family planning policies currently in force. The family planning policies

which our region currently implement were formulated according to popular wishes and the practical experiences of many years. We should seriously study, master, and correctly implement those policies. In farming and pastoral areas, we should firmly follow the principle of "stressing five main aspects," without loosening or tightening it at will. Moreover, we should gain a timely understanding and grasp of new circumstances and sum them up, with the aim of improving our region's family planning policies. 3) We should strive to provide good services. Aside from vigorously publicizing policies and information about family planning and maternity and child care, family planning, medical, and health care departments should improve the training of relevant personnel, raise technological levels, provide all kinds of good services, and fulfill people's needs.

Comrades: This year is crucial to our region's efforts to speed up the pace of establishing a socialist market economic structure, deepen reform, open up wider to the outside world, and quicken the pace of development. The new situation has set even stricter demands for various tasks. We must live up to the high expectations of the party and people, implement the guidelines of the "two sessions" in a motivational spirit with a rigorous approach and through solid work, and usher in the 30th anniversary of the autonomous region's founding with remarkable achievements.

Tibet's Raidi on Antisplittism, Stability

OW0306121994 Lhasa XIZANG RIBAO in Chinese 24 May 94 pp 1, 3

[Speech by Raidi, executive deputy secretary of the Tibet Autonomous Regional CPC Committee, at a regional meeting on 22 May; place not given: "Tibet's Current Antisplittist Struggle Situation and Task To Stabilize the Situation"]

[Text] Comrades:

Today, the Tibet Autonomous Regional CPC Committee and Government are holding a special meeting of leading cadres with party membership at the provincial and prefectural levels. I would like to take this opportunity to brief you on some current developments in Tibet's antisplittist struggle, to analyze the current antisplittist struggle situation, and to lay down a plan for our next-step work. My purpose is to enable party and government organizations and leading cadres at all levels to gain an in-depth understanding of the antisplittist struggle situation currently facing Tibet, to further unify their thinking, to increase their initiative and enhance their self-consciousness in carrying out the antisplittist struggle, and to strengthen their confidence that we will win the struggle, in order to further stabilize Tibet's situation and to ensure that our reform, opening up, and economic construction are carried out smoothly. Comrade Zicheng just briefed you on the new developments in Tibet's current antisplittist struggle. According to the guidelines of a study conducted by the regional CPC

committee, I would like to offer a few opinions on Tibet's current antisplittist struggle situation and our task of stabilizing the situation.

1. An Analysis of Tibet's Current Antisplittist Struggle Situation

This year is a critical one for the country to take an important step toward building a socialist market economic system, to achieve breakthrough progress in attaining reform, and to further speed up economic development. This year also is one for Tibet to raise its reform, opening up, and economic development to a new level. The central authorities have decided to hold this year the third meeting on work related to Tibet to study important principles and policies on Tibet's economic and social development and stability in the new situation. The meeting will have extremely great significance for maintaining Tibet's long-term stability. Next year marks the 30th anniversary of the establishment of the Tibet Autonomous Region; starting in the second half of this year, the party Central Committee and the State Council will assist Tibet in building a number of key projects to accelerate Tibet's economic development. All in all, a new climax will emerge this year in Tibet's economic construction and socialist development—Tibet's development prospects are encouraging.

As for Tibet's antisplittist struggle situation, over the years, the CPC Committee, the government, military, police, and people of Tibet, under the correct leadership of and the timely guidance provided by the party Central Committee, the State Council, and the Central Military Commission, have done a great deal of antisplittist work and have won important victories. Currently, Tibet's antisplittist struggle situation is good in general—the whole region is enjoying political stability, social stability, and nationalities unity; people feel assured, and our border defenses are strong, thus providing a good social climate for smoothly carrying out the region's reform, opening up, and economic construction and for continuing to improve the people's living standards. Nevertheless, the hostile international forces and splittists both inside and outside the country, due to their class nature, will never take their defeat lying down. They have done everything they can to step up their splittist and sabotage activities; therefore, the antisplittist struggle situation facing us is severe, and the task is quite arduous. The main reasons for this are:

The hostile international forces have adopted a hostile attitude toward the socialist system and consider China's unification and power to be threats to themselves. Splittists outside the country have stepped up their collusion with Western hostile forces, have distorted the facts, have spread rumors to mislead people, and have attacked China's domestic and foreign policy, vainly attempting to exert international pressure on us.

Splittists at home have colluded with the splittist forces outside the country and have stepped up their splittist activities in cities, agricultural and pastoral

areas, and temples in some localities in Tibet. Some localities have opposed slogans and handbills, the numbers of witches and sorcerers have increased in some localities, and rumors of various sorts have been spread widely, causing anxiety for people in some grass-roots areas.

Due to infiltrations and instigations by splittist elements outside the country, a small number of our cadres and workers have wavered in their political stand. Party and government organizations and leading cadres at all levels should be prepared for danger in times of peace and should have a sober understanding of the problems and the intense and complicated antisplittist struggle we are facing. We should have a clear understanding of the situation and our tasks, do our work well, and stand in combat readiness, in order to foil possible dangers. Being indifferent and in a state of inertia will bring serious and unmendable damage to the party's work and the nation's interests.

II. It is Necessary To Look Squarely at Tibet's Weak Links in Stabilizing the Situation

In recent years, party and government organizations at various levels in Tibet, particularly the broad masses of cadres and policemen on the judicial, procuratorial, and public security fronts including public security organs and armed police, and the People's Liberation Army stationed in Tibet have always upheld the principle of "promoting economic construction, reform, and opening up, as well as engaging in antisplittist struggle and stabilizing the situation." They have vigorously and actively launched the antisplittist struggle, forcefully dealt a blow at the swollen arrogance of the splittist forces inside and outside the region, and made fruitful contributions to consolidating the frontier defense, maintaining the unification of the motherland, enhancing national unity, maintaining a stable situation in Tibet, and ensuring the smooth progress of economic construction, reform, and opening up. While fully confirming these achievements, however, we should also have a clear understanding that there are still some problems and inconsistencies in our work for combating splittism and stabilizing the situation. They are mainly the inconsistencies in ideology and work which are not suitable to the situation and remain to be further settled and corrected, so that we may better gain the initiative in the antisplittist struggle and more effectively intensify the work in stabilizing the situation.

First of all, we should look into the inconsistencies in ideology. We have talked about the importance and significance of a stable situation for years and it should be confirmed that the vast majority of our leading cadres have a fairly clear understanding of this issue and have attached more importance to the work in stabilizing the situation. However, we should also be aware that there are, actually, some comrades who do not pay enough attention to this issue. Upon hearing the regional party committee's repeated emphasis on the work in stabilizing the situation, some comrades believed it was just

an exaggeration to raise an alarm and took exception to it. They lowered their guard and became careless in ideology, paid no attention to their work, did nothing to implement measures, and paid lip service only; even if they did do something, they did it in a perfunctory way, just enough to satisfy the demand of the higher authorities. Some people even showed disgust at and turned a deaf ear to the talk about launching antisplittist struggle and stabilizing the situation. Some comrades also maintained: "We should concentrate our strength on economic construction at present; repeated emphasis on the work for stabilizing the situation will affect the economic work; stability and unity will naturally be achieved once the economy is developed." Such a perception that antagonizes the stable situation against economic development and that simply stresses economic work is untenable in theory and very harmful, even dangerous, in practice. In Tibet, the party's central work is economic construction; strengthening a stable situation is exactly the work to offer a powerful guarantee for economic construction, reform, opening up, and the creation of a good milieu. Stability is the premise, reform is the driving force, and development is the foundation; the relations among the three should not be ignored at any time. As Comrade Deng Xiaoping put it: "China's problem is the need for stability, which overrides everything else. Without a stable environment, we would achieve nothing and lose the achievements we have made. The key to our promotion of four modernizations, reform, and opening up lies in stability." These expositions of Comrade Xiaoping's have incisively expounded the dialectical relations among stability, development, and reform. The splittist activities and sabotage conducted by splittists inside and outside Tibet are a reality independent of our will; only through conducting a firm antisplittist struggle and incessant work in strengthening a stable situation can we guarantee and promote economic development. Meanwhile, only by doing a good job in reform and development can we create a material foundation for social stability and enhance the cohesiveness among the people. General Secretary Jiang Zemin has noted: "Everybody must understand the importance of social and political stability in an attitude that he or she is highly responsible to the party, the state, and the nation, uphold the principle of promoting material civilization and socialist ethics at the same time, eliminate the factors causing instability in a timely manner, continue to maintain the stability of milieu, and ensure the smooth progress of the reform, opening up, and modernization drive." Party, government, military, and police leaders at various levels should all treat deepening reform, accelerating development, and maintaining stability as the overall interest of the entire party's work.

Next, we must be aware of the problems existing in our work and measures. Due to subjective and objective reasons, a number of problems still exist in our antisplittist struggle and in our work to maintain stability. Some of them are comparatively serious. For instance, comparatively serious problems exist in the propaganda of public opinion and border control. They are extremely

serious in smoothly waging the struggle against splittism, maintaining stability, safeguarding the unification of the motherland, and strengthening unity among nationalities. Therefore, we must on no account drop our guard against these problems or become insensitive to them; we must take strong measures to solve them; we must guard against recurrence of similar phenomenon.

Third, we must be aware of some problems concerning impurity and ineffective work on the part of our party members and cadres. Because the splittist forces inside and outside Tibet use religion to conduct infiltration, some of our party members and cadres have lost the ideological consciousness that a communist should have. They make concessions and become weak in the antisplittist struggle. We must deal with the problem in earnest and make vigorous efforts to successfully solve the problem existing within the contingents of cadres, staff, and workers, so as to ensure their purity, and to guarantee that our contingents are invincible in the antisplittist struggle.

III. Take Effective Measures and Practically Improve the Work To Maintain Stability

At a work conference held by the regional party committee and the regional people's government in August last year, I proposed measures for and raised requirements on improving our understanding of the protractedness, complicatedness, and arduousness of the antisplittist struggle; improving education as well as our ideological and political work; promoting development of the party and government organizations at the grass-roots level; stepping up propaganda to the outside world; improving comprehensive management of public security; giving full play to the dictatorship functions of judicial and public security departments; strengthening control over temples and religious activities; and strengthening leadership over the work to maintain stability. These measures and requirements are still suitable now. It is necessary for us to further practically pay close attention to their implementation. Based on these measures and requirements, I would like to express my views as follows which are directed against the new situation of antisplittist struggle in Tibet.

We must further have a clear understanding of the situation, seek unity of thinking, and enhance our initiative for the antisplittist struggle. So long as the international hostile forces and splittists inside and outside Tibet exist, the antisplittist struggle shall be carried on for a protracted period of time to come. This is an objective law independent of our will. Our struggle against splittists inside and outside Tibet is, in essence, a class struggle under the new situation. The reactionary forces they represent will never resign themselves to stepping down from the stage of history. They vainly attempt to regain the dominant position they have lost. We must keep a clear head against this; we must not, in the slightest degree, lower our guard or tend to underestimate the enemy. All our party and government organizations at all levels must continue to implement in depth

the principle of "grasping two links at the same time"; always treat the work to maintain stability as an important matter and handle it earnestly and painstakingly; conscientiously shoulder the political responsibility of maintaining stability; and pay close attention to doing a good job of waging the antisplittist struggle and maintaining stability in a down-to-earth manner while successfully carrying out economic construction. The key to the success of our work to maintain stability lies in leadership. The regional party committee requires party and government leaders in all prefectures, cities, and units to personally concern themselves with the work to maintain stability; to constantly study the situation and problems confronting their respective localities and units; to draw up plans; and to lead the broad masses of cadres, staff, and workers to vigorously wage the antisplittist struggle. In the face of cardinal issues of right and wrong, leading cadres must take a clear-cut stand and adopt a resolute attitude. The attitude of leading cadres to the antisplittist struggle is the fundamental political criterion for judging whether they are qualified or not.

It is necessary to strengthen ideological and educational work for the masses. Splittist elements at home and abroad are good at covering up their real face, confusing and poisoning people's minds, and influencing public opinion by flaunting the national and religious banners and by making a pretense of so-called "human rights," "democracy," and "freedom." They are notoriously deceitful and inflammatory. We must use various public opinion tools and propaganda techniques to make the following points clear: the people of Tibetan nationality can enjoy happiness today and glory tomorrow only under the leadership of the party and inside the great family of the motherland; the splittist elements at home and abroad are old Tibet's ruling clique who represent the interests of a few serf owners and exploiting class; they cruelly oppressed and exploited the Tibetan people in the past; they try in every possible way to resume their ruling position of the past by advocating "Tibet independence"; and the activities engaged in by splittist elements at home and abroad will bring about damage to the Tibetan people and the development in Tibet. We must help the broad masses of the people obtain a better understanding of the true class nature and political motivation of these people. Resolute efforts should be made to fight against their attempts to split the motherland. Tibet is under the rule of the Communist Party and will stay that way forever.

We must resolutely foil splittist elements' attempts to infiltrate into the region through various channels. All reactionary propaganda materials brought into the region by splittist elements at home and abroad through various channels should be confiscated in accordance with law. Any one who brings, sells, disseminates, and spreads reactionary propaganda materials should be severely dealt with in accordance with law. We should take quick action to crack down on severe criminal activities. It is necessary to strengthen investigations into severe criminal cases such as murders, robberies, drug

trafficking, and thefts in a bid to increase the case-solving percentage, and deal out quick and severe punishment to the offenders in accordance with law. We should comprehensively consolidate public security and order, and conscientiously carry out the principle of "those who are in charge of the affairs should be held responsible." Each department should perform its own functions well and make sure that all of its personnel are honest and integrated. We should conscientiously improve the social security order in our region.

All localities and units should strengthen ideological and political work under their jurisdiction, improve inner management, and plug all loopholes. In the light of ideological problems existing among workers and staff members, proper efforts should be made to conduct, in a timely and thoroughgoing fashion, an ideological and political campaign among them. Before introducing a reform measure which has great bearing on the interests of the people, all departments concerned should conduct a propaganda campaign to explain the necessity of the measure. No measures should be introduced to the public and put into force unless they are approved by the regional CPC committee and the government. Under no circumstances shall we allow any department or unit to take selfish actions at the expense of the people's interests. It is necessary to strengthen price supervision so as to invigorate circulation and safeguard the interests of the people. We should provide more employment opportunities for youths, improve business management, enhance economic performance, and increase the income of workers, staff members, and residents. Departments concerned and governments at all levels should make efforts to show their concern about the enterprises experiencing financial losses and about workers, staff members, residents, and retired personnel with difficulties in their livelihood. These organizations should try their best to help them. They should try in every possible way to help poverty-stricken households in agricultural and pastoral areas, and the people who cannot afford to buy grain or medicine. Relevant departments and units should try to solve the problems which the people complain about strongly, as well as reasonable requests put forward by them. If such problems and requests cannot be solved immediately, these departments and units should explain this to the people and, at the same time, report them to higher authorities.

Comrades, we are facing a grim situation in the fight against splittism, and the arduous task of promoting stability, reform, and development. For each and every member of the communist party, and leading cadres in particular, this is a severe challenge. It is also a test of our party spirit. Every member of the Communist Party should take a firm and clear-cut stand in the front line of the struggle against splittism. They should bring into full play the vanguard and model role as a member of the Communist Party by carrying out resolute struggle against all moves that try to split the motherland and sabotage the unity among all nationalities. We should unite with all the forces that can be united, mobilize the

enthusiasm of all social sectors, strengthen the patriotic united front work on the basis of closely relying on the people, and bring into full play the special role of patriotic personages of all nationalities and all circles, as well as personages in religious circles, in the work of fighting against splittism and maintaining stability so as to guarantee the healthy and smooth development of reform, opening, and economic construction.

Official Says Tibetan Separatists 'Increasingly Active'

HK0306114094 Hong Kong AFP in English 1039 GMT 3 Jun 94

[Text] Beijing, June 3 (AFP)—Tibetans seeking independence for their country are becoming increasingly active, and Chinese Communist Party cadres seem unable to stifle the movement, Re Di, president of the autonomous region's people's congress has told the Tibet Daily. In some regions an increasing number of "reactionary tracts" have appeared, said Re, who is also vice-secretary of the Tibetan communist party. "Sorcerers and the superstitious (meaning religious leaders of the independence movement) distort the facts, peddle rumours and criticise our policy by trying to use international pressure," he told the paper, copies of which were available in Beijing Friday [3 Jun].

He criticised some comrades for not realising the seriousness of the problems or the importance of their work. "Any negligence risks harming the party," said Re in a speech he made May 22, one week before demonstrations involving about 200 people erupted in the capital Lhasa, according to the Tibet Information Network. Reactionary propaganda should be opposed and separatists and common law criminals severely sanctioned, he said. Re, implicitly acknowledging worsening social problems which sparked demonstrations last year, urged cadres to pay more attention to workers in debt-riddled state companies, the retired, and the poor.

The authorities are clearly worried that anti-Chinese feelings in Tibet will be aggravated by inflation and rising unemployment. China annexed Tibet in 1959 after crushing an independence uprising. Since 1987 the Tibetan separatist movement, led by Buddhist monks and nuns, have stepped up anti-Chinese action. Dozens of demonstrators have been killed and hundreds arrested, according to international human rights organisations.

More Tibetan Children Returning to School

OW0506074494 Beijing XINHUA in English 0709 GMT 5 Jun 94

[Text] Lhasa, June 5 (XINHUA)—Over 2,000 children who could not afford to continue school have resumed their schooling as the region has collected donations totalling two million yuan in the "Hope Project", a nationwide program to help drop-outs return school.

Gyaincain Norbu, chairman of the people's government of the Tibetan Autonomous Region, said that Tibet has built eight Hope schools and two Hope classes with the donations and another seven such schools are under construction.

But being one of the most underdeveloped parts in China, about one third of the school-age children could not afford to go to school in Tibet by the end of 1993, he pointed out. This mainly arises from Tibet's poor transport conditions, fewer schools and poor schooling conditions, he said.

In the light of the backward education, the regional people's government has decided to put education on the top agenda. The most concrete step for this move is to build at least one middle school in each county and at least one primary school in each township so as to provide 80 percent of the region's school-age children with proper education.

To this end, Gyaincain Norbu called on the efforts of different social circles to help build the project, since governments at different levels have but small budgets.

He suggested some detailed fund-raising ideas, such as auctions, benefit performances and charity bazaars, which have already proved effective in other parts of China.

North Region

Hebei Holds Banking Work Forum 23 May

SK0306140894 Shijiazhuang HEBEI RIBAO in Chinese 24 May 94 p 1

[Report by Du Yinghua (2629 5391 5478): "Unify Thinking, Enhance Understanding, and Maintain a Sustained and Good Economic Development Trend"]

[Text] This morning, the provincial government held a forum on banking work. Vice Governor Guo Shichang relayed the guidelines of a speech given by Zhu Rongji, member of the standing committee of the Political Bureau of the CPC Central Committee and vice premier of the State Council, at the forum on economic work of Hebei, Shandong, and Henan Provinces recently held in Zhengzhou. Governor Ye Liansong presided over the forum and devised plans for implementing the guidelines of Zhu Rongji's speech.

Attending today's forum were responsible comrades of the provincial Planning Commission, the provincial Economic and Trade Commission, the provincial-level departments in charge of comprehensive work, and various provincial, city (prefectural), and county (city) banking departments, a total of more than 800 people.

This year is crucial for our country to conduct the package reform with breakthroughs in key areas. In line with the general principle of "seizing the opportunity, deepening reform, expanding opening up, promoting

development, and maintaining stability," the provincial party committee and the provincial government have upheld the overall thinking of using reform to promote development and development to maintain stability. On the basis of achieving a fairly rapid national economic development throughout the province last year, we have continued to maintain a fairly good development trend. The agricultural development situation has been better than that of last year, industry has increased at a definite rate, fixed asset investments have declined after experiencing vast increases, the consumer goods market has been stable, foreign export trade has increased normally, financial revenues have increased fairly rapidly, the financial order has been fairly good, the savings deposits have increased by a large margin, the whole reform has been smoothly carried out, and the economic and social situations have been quite stable.

How to do a further and better job in banking work and how to support economic development under the new situation? The forum stressed: At present, the banking departments should conscientiously study the guidelines of Zhu Rongji's speech given at the economic work forum held in Zhengzhou, enhance understanding, unify thinking, place the work emphasis on grasping agricultural production and state-owned enterprises, properly handle the relations of reform, development, and stability, actively support economic work, and develop an excellent situation in our province.

The forum called on responsible comrades of banks at all levels to go down to the grass-roots units to conduct investigation and study, be eager to meet the needs for production, and help enterprises eliminate misgivings and difficulties. It is necessary to adopt practical and effective measures, issue funds in line with the state stipulations, step up efforts to issue the set amount of funds to enterprises in a timely manner, and make full use of the funds.

Banks should fully support enterprises whose products have markets, enjoy good sales, and yield efficiency, and whose payment for goods can be recovered. Banks should also grant loans to money-losing enterprises whose products can find a good market and can yield economic returns. Banking departments should maintain good coordination with the local economic departments, help enterprises readjust the product mix, promote the sales of stockpiled goods, and enable enterprises to end deficits and to extricate themselves from a difficult position. However, we must not support them to produce stockpiled goods. Enterprises running in the red for a long time and have no hope of ending deficits should realistically prepare for declaring bankruptcy in line with the law.

At present, the time for summer grain harvest is approaching. The forum called on all banks to try by every possible means to prepare for the purchase of summer grain and oil-bearing crops, give priority to guaranteeing funds for purchasing farm and sideline products, particularly grain, and make resolute efforts

not to issue "IOU" slips. Meanwhile, all departments should strengthen management over the grain and oil-bearing crops markets and safeguard a normal order for purchase. Once when the "grain bags," and "vegetable baskets" are firmly grasped, the markets and the society will be stable.

In conclusion, Ye Liansong said earnestly: Banking departments have occupied a very important position in building the socialist modernization and an economically strong province, shouldering very heavy tasks. The broad masses of workers on the financial front have made outstanding contributions to our province's economic construction. The provincial party committee and government have pinned great hopes on them. It is hoped that all of you will unify thinking, deepen understanding, do your work well, and promote development.

Hebei Customs Depot Formally Opens

OW0406031994 Beijing XINHUA in English 0210
GMT 4 Jun 94

[Text] Shijiazhuang, June 4 (XINHUA)—A freight train carrying 300 tons of goods left the new customs depot here for Hong Kong at 10 A.M. on Tuesday [31 May], marking the formal opening of the new inland customs post.

Shijiazhuang is the capital of Hebei Province in north China. The new customs depot includes two warehouses and a whole range of services regarding imports and exports, commodity inspection and quarantine.

Customs officials said that goods passed by the depot will travel direct in sealed railway trucks and containers to their customers in Russia, Hong Kong, Macao and South-East Asian nations, without needing to go through other Chinese customs formalities further along their route.

Goods on their way to Russia, north and East Europe via the Euro-Asian Continental Rail Bridge can also clear their custom formalities at the depot, said the officials.

It is understood that the opening of the facility will greatly help Hebei Province's 400 state-owned firms and 4,300 joint ventures with direct import and export businesses.

The officials believe that some enterprises in the neighbouring Shanxi and Henan Provinces will also choose to export their goods via the new customs depot.

Tianjin Export Commodity Fair Ends

OW0406132294 Beijing XINHUA in English 1248
GMT 4 Jun 94

[Text] Tianjin, June 4 (XINHUA)—The eight-day Tianjin Export Commodity Fair ended today, having seen transactions totalling 440 million U.S. dollars, a 21 percent increase over the previous such fair held in Tianjin.

Sponsored by 12 provinces and autonomous regions in the north and north-west and Tibet, the fair was attended by thousands of business people from 63 countries and regions, making it one of the largest such gatherings after the Guangzhou Export Commodity Fair.

According to organizers, the Chinese provinces which participated have signed 24 contracts on overseas investments worth 450 million U.S. dollars.

Northeast Region

Article Views Heilongjiang's New Tax System

SK0306135294 Harbin HEILONGJIANG RIBAO in
Chinese 24 May 94 p 2

[Article by Li Shuyi (2621 2885 5030) from the Heilongjiang Provincial Financial Department: "The Basic Principles and Contents of the Tax Distribution System"]

[Text] Our province reforms the financial management system by carrying out the system of distribution of taxes between the province and cities and counties basically in line with the principles as follows: First, we should persist in the principle of giving consideration to the interests of both the province and cities and counties. The province should not only ensure the reasonable increase in the province's revenues to enhance the provincial government's ability in macroeconomic regulation and control, but also take into consideration the interests of cities and counties to mobilize their enthusiasm for developing the economy, increasing revenues, and reducing expenditures. According to the provincial party committee's guiding ideology that to make the province rich, we must first make the grass roots rich, we must ensure that three aspects must not be changed when the new tax distribution system is carried out. That is, the original pattern of distribution of interests between the province and cities and counties must not be changed; the basic frame of the tax distribution system, defined by the central financial department, must not be changed; and the ratio of revenues shared by the province and cities and counties as defined by the central financial department as well as the coefficient of the progressive increase rate of the refund on tax revenues must not be readjusted.

Second, we should persist in the principle of linking unified policies with management by various layers. The legislative powers of central taxes, sharing taxes, and some important local taxes as defined by the central financial department must be concentrated in the central financial department so as to ensure the unified implementation of government decrees and to safeguard the coordination of markets throughout the country and the equal competition between enterprises. Tax revenues should be collected and managed by various layers. Central taxes and sharing taxes should be collected on a responsibility basis by the central tax affairs organization. Of the sharing taxes, the portions obtained by the

localities should directly be distributed to the treasuries at various layers by the central tax affairs organization. The local taxes should be collected on a responsibility basis by the local tax affairs organizations at various levels. The revenues that belong to the provincial level should directly be transferred to the provincial treasury.

Third, we should persist in the principle of combining overall design with step-by-step advance. On the basis of defining reform targets, the central financial department should define to set up the basic frame of the tax distribution system through step-by-step reforms and to perfect the system in a step-by-step manner in the course of implementation. The methods for division of revenues, refund on tax revenues, and transfer of payments should be standardized throughout the country. So far, we should first divide major tax categories and standardize, in a step-by-step manner, the division of other revenues. In the course of transition from the old tax system to the new one, items on subsidies, delivery to higher levels, and some accounts as stipulated in the old tax system should continue to be implemented.

The specific contents of this new tax system are as follows: First, division of revenues—Revenues should be divided between the province and cities and counties according to the power to manage affairs exercised by the province, cities, and counties and in line with tax categories. The provincial level's fixed revenues include the income taxes of provincial-level enterprises (excluding the income taxes of local and foreign-funded banks and nonbanking monetary enterprises), the profits handed over to higher levels by these enterprises, the income taxes of the grain enterprises under the special management of the province, the profits handed over to higher levels by these enterprises, the regulatory taxes on the orientation of the investment in fixed assets, the business taxes paid by the banks at various levels and the insurance departments, the taxes on natural resources, and some other provincial-level revenues. The revenues paid by Daqing city (excluding three counties) should temporarily be divided according to the original methods.

The fixed revenues of the city- and county-level financial departments (excluding that of Daqing city) include the income taxes of local enterprises (excluding the income taxes of local and foreign-funded banks and nonbanking monetary enterprises), the profits handed over to higher levels by local enterprises, the income taxes of individuals, and the taxes on utilization of urban land. Taxes for city maintenance and construction (excluding the portions concentratively paid by head offices of banks, railway departments, and general insurance companies), the taxes for real estate, the taxes for use of vehicles and ships, stamp taxes, the taxes on slaughtering animals, the taxes on agriculture and animal husbandry, the taxes on special agricultural products, the taxes on occupation of cultivated areas, the taxes for contracts, and the revenues from paid use of state-owned land.

Revenues shared by the province with cities and counties are as follows: The 25 percent of the value added tax paid

by petroleum, power, petrochemical, and nonferrous metal departments to be retained by the local authorities belongs to the provincial-level revenue. The 25 percent of the value added tax paid by enterprises to be retained by local authorities is shared by the province with cities and counties 50 to 50 percent, the same ratio as they shared the former indirect tax. Business tax (excluding the business tax paid by the head offices of banks, railway departments, and head offices of insurance companies), inheritance tax, bequest tax, land value added tax, and the agricultural tax resulting from increase of grain price are shared by the province and cities (counties) 50 to 50 percent.

Second, division of the expenditure—Based on the division of power between the provincial government and city and county government, the provincial finance department chiefly takes charge of the expenses needed in the operation of provincial-level state organs, the expenditures needed in restructuring the economy, coordinating the development of various localities, and exercising macro regulation and control, and the expenditures on the development of the undertakings directly managed by the province. City and county finance departments take charge of the expenses needed in the operation of local organs of political power and the expenses needed in the development of the local economy and other undertakings.

Third, delimitation of the tax revenues returned by the provincial finance department to cities and counties. To maintain the vested interest of cities and counties and gradually attain the goals of the reform, the amount of the tax revenues to be returned by the province to cities and counties is determined with 1993 as the base period. Based on the actual 1993 revenues of various localities, the tax reform conditions, and the division of revenues among the central, provincial, and city and county authorities, the net revenues turned over to the central authorities and the province by various localities are determined (namely consumption tax plus 75 percent of the value added tax plus the part to be retained by the province of the revenues shared by the province with cities and counties minus the revenues refunded by the central authorities and the province to cities and counties). The net revenues turned over to higher authorities by various localities in 1993 are all returned to the localities to ensure their vested financial strength, and the amount will be taken as the base figure of the tax revenues to be returned by the province to various localities in the future. Beginning 1994, the tax revenues to be returned will increase every year based on the 1993 base figure. The increase rate is determined on the basis of the coefficient of 1:0.3 of the average growth rate of the province's value added tax and consumption tax. That is, when the average growth rate of these two types of taxes rises by 1 percent, the tax revenues to be returned to cities and counties should grow by 0.3 percent. After 1994, when the net revenues turned over to the central authorities and the province are lower than the 1993 base figure, the tax revenues to be returned to

cities and counties will be reduced accordingly. The measures for the central authorities to return tax revenues to the province remain unchanged.

Fourth, the handling of the fixed-quota subsidies, the revenues to be turned over to higher authorities according to systems, revenues to be turned over to higher authorities for special purposes, and matters related to final accounts. In line with the central guidelines of "keeping the distribution pattern of the original system unchanged for some time after implementation of the tax distribution system and gradually standardizing the work after a transitional period," the fixed-quota subsidies from the province to cities and counties according to the original system will continue; and the progressive decrease of the fixed-quota subsidies applied to some cities and counties will remain unchanged. The various revenues to be turned over to higher authorities according to the original system will continue; the progressive increase of the revenues to be turned over to higher authorities applied to some cities and counties will also continue, and this method will be applied for the time being to the prefectures and cities which retain a certain amount of the total. A progressive increase rate will be determined based on the actual amount turned over to higher authorities by these prefectures and cities in 1993, and these prefectures and cities will hand revenues over to higher authorities according to this progressive increase rate every year.

Liaoning To Conduct Reform of Regional Labor System

SK0306135994 Shenyang LIAONING RIBAO in Chinese 24 May 94 p 1

[Text] Our province will carry out comprehensive supporting reform of the regional labor system in an all-around manner. This was proposed at the provincial conference on reform of the labor system held in Anshan on 18 May.

The provincial labor department proposed: This year we should regard reform of the labor employment system as the breakthrough point, carry out comprehensive supporting reform of the regional labor system in an all-around manner, accelerate the pace of implementing the all-member labor contract system; and make reform serve the whole region, enterprises of various ownerships, and all staff members and workers. Meanwhile, it is necessary to take active but prudent steps to make arrangements for enterprise surplus workers, help unemployed and job-seekers find jobs again, and implement the integrated social security system in all places. Through regional supporting reform, we should gradually establish an enterprise internal wages distribution method that meets the needs of the market economy, and implement the wage system under which the wage standards are determined by the markets and enterprises are allowed to distribute wages independently while taking supervision, regulation, and control from the

government, break the ownership and regional limits, and promote the formation of regional labor markets.

Liaoning Holds Meeting on Transferred Soldiers Placement

SK0406094994 Shenyang LIAONING RIBAO in Chinese 24 May 94 p 1

[Excerpts] The 1994 work for placing Army officers transferred to civilian work is about to begin. On 23 May in Shenyang, the provincial authorities held a meeting on placement of Army officers transferred to civilian work to relay the guidelines of the national meeting on placement of Army officers transferred to civilian work and to arrange for the province's work in placing such officers. [passage omitted]

Liaoning has always been a province placing relatively more Army officers transferred to civilian work. Last year, the province satisfactorily fulfilled the task of placing 5,400 transferred Army officers and 590 spouses of such officers, and 95 percent of such officers were trained to improve their adaptability and professional skills. By combining the placement of transferred Army officers with the endeavor of facilitating the "second pioneering program," the province witnessed a remarkable increase in the number of the transferred Army officers who were working for state-owned enterprises, foreign-invested enterprises, and township-, town-, district-, and neighborhood-run enterprises; who initiated economic entities; and who sought employment by themselves. Of them, 177 officers were self-employed, surpassing the total sum over the past 15 years since the commencement of reform and opening up. This year, the province has been assigned with the task of placing 3,700 Army officers transferred to civilian work. Of them, the officers below the age of 40 account for 77 percent, officers having received the education of specialized secondary school, college, and institutions of even higher levels account for 59 percent, and the officers mastering various kinds of skills account for 25 percent.

On behalf of the provincial group for placement of Army officers transferred to civilian work, Xiao Zuofu summarized last year's situation in placing transferred Army officers and set demands for this year's work. He pointed out: Party committees and governments at all levels should, with a high degree of the sense of political responsibility, conscientiously accomplish the task of placing Army officers transferred to civilian work, should make great efforts to maintain the stability and continuity of the related policies, and should actively explore the new ways of appropriately placing such officers under the condition of the socialist market economy. With emphasis on the first line of economic construction, such officers should be primarily transferred to judicial and public security departments, industrial and commercial departments, tax departments, and financial departments. In particular, such officers should be guided to work for enterprises and the places they are needed. This year, the above-mentioned departments

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should fill their vacant positions with such officers on a priority basis, and the proportion of such officers should not be less than 15 percent of their personnel increase quota. Other departments should also fill their vacant positions with the Army officers transferred to civilian work on a priority basis. [passage omitted]

Liaoning Farmers' Return to Grain Growing

OW0406132694 Beijing XINHUA in English 1307
GMT 4 Jun 94

[Text] Shenyang, June 4 (XINHUA)—Farmers in north-east China's Liaoning Province are contracting more land and spending more money to grow grain—as a result of recent grain price rises in many parts of China.

Many farmers who left their land to seek jobs in urban areas came back in the first few months of the year to take a contract for farmland again. They were also buying more chemical fertilizers and collecting farmyard manure.

"I am accustomed to cultivating land, but in the past several years, a whole year's income from farming was nothing compared with what you gained by working several months in town," complained Zhou Huiyao, a 52-year-old farmer in Shigangzi Village in Yangshipu Township in Liaozhong County.

In the past, the farmer had contracted some 3.3 ha of fields at the most. However, the acreage decreased year by year to less than 1.3 ha last year. This year, he contracted four ha of land.

"I regret that I did not plant enough grain last year. I did not expect the price of grain to go up that much," Zhou said. "So I have increased my grain planting acreage this year and asked my sons to help me at home rather than let them go to seek jobs in town."

The experienced farmer calculated that he would make about 3,000 yuan net profits per ha in the autumn, despite the rise in price of chemical fertilizer and other expenses.

Liang Jihua, deputy director of the Liaozhong County Agricultural Bureau, said that this year the county was seeing the greatest farming enthusiasm since 1984.

Land totalling some 6,700 ha, including some sandy land, has been leased out to farmers this year, four times as much as last year.

Farmers across the province are pouring more investments into farming. Some two million tons of chemical fertilizer, similar to the amount sold last year, have already been sold, but experts said they expect farmers will buy more.

Farmyard and other manure, once deserted by farmers, is again become popular with local farmers.

Liu Laifu, a farmer in Chengguan Village in Changtu County, for instance, spent 500 yuan to build a public

latrine in the county town to collect manure. More than a dozen farmers have followed suit.

Provincial officials were happy with the farming enthusiasm.

The whole province will have three million ha planted with grain and soy beans. A leading official of the provincial agricultural bureau, said that he expects the province's total grain output will top the record of 12.5 million tons, if no major natural disaster occurs.

Liaoning's Results in Handling Economic Crimes Reported

SK0406094694 Shenyang LIAONING RIBAO in Chinese 25 May 94 p 1

[Text] According to the data revealed at the first provincial conference on economic crimes on 10 May, the departments in charge of economic crime investigation under the public security organs at all levels across the province have persistently regarded the work of dealing blows at economic crimes as an important task over the past six years since the establishment of these departments. By concentrating their efforts on investigating and cracking down on serious and appalling economic cases, they have recovered the embezzled money and articles worth more than 1.05 billion yuan Renminbi and retrieved a tremendous amount of economic losses for the state in a timely manner.

Economic offenders are criminals with strong covertness. As a heavy industrial base in the country, Liaoning Province has more than 1,000 large and medium-sized enterprises. Under the condition of building a market economic structure, these enterprises are shifting their track; changing their style; and entering the markets. During the period, various social problems caused by the economy have steadily cropped up and economic swindling cases in some localities have rapidly increased. Of these cases, serious and appalling ones have sharply increased and the volume of funds involved in these cases has become increasingly large. In 1993 the province as a whole incurred 85 economic cases and each of them involved more than 1 million yuan. Of these cases, 10 involved more than 10 million yuan. The province's number of such cases has been rare since the founding of the PRC.

By regarding the work of safeguarding the economic order as their own duty and persistently regarding the cases that are exerting large harm and influence as the focal points of attack, the departments in charge of economic crime investigation under the public security organs throughout the province have investigated and wound up more than 10,000 cases of various economic crimes by adopting effective measures and methods and boldly overcoming the difficulties. They have arrested more than 9,000 criminal elements and recovered a large amount of funds and articles for the state. Recently, Vice Governor Cong Zhenglong paid a special visit to the provincial public security department to speak highly of

the achievements scored by the departments in charge of economic crime investigation under the public security organs across the province.

Liaoning Punishes Narcotics Dealers, Addicts
SK0406093894 Shenyang LIAONING RIBAO in Chinese 25 May 94 p 1

[Text] On 17 May, Yingkou city held an open trial to punish a group of narcotics dealers and addicts. It was announced five heroin dealers were to be arrested according to the law, 16 dolantinum dealers were to undergo labor reeducation, and 19 persons addicted to narcotics were forced to give up taking narcotics.

Northwest Region

Gansu, Ningxia Register 'Rapid Growth' in Foreign Trade
OW0206014394 Beijing XINHUA in English 0120 GMT 2 Jun 94

[Text] Tianjin, June 2 (XINHUA)—Gansu Province and Ningxia Hui Autonomous Region, both in the northwest hinterland, have both registered rapid growth in foreign trade, according to their officials participated at an international trade fair being held here.

Gansu Province registered 280 million U.S. dollars in exports last year and is expected to boost its annual export volume to 330 million U.S. dollars this year.

With over 1000 foreign-funded enterprises, the province has significantly raised the export volume of finished products in the petroleum and chemical industries, electronics, textiles and garments, while sales of raw materials such as grain, edible oil and Chinese medicine have declined.

In Ningxia, a small Muslim province, exports surpassed 100 million U.S. dollars for the first in 1993 with minerals and farm and sideline products such as ferro-silicon, coal and cashmere leading the region's exports.

To further exploit domestic and overseas market, Ningxia has established trade offices across China and in the United States, Malaysia, Thailand and Singapore.

Gansu Desert's Endangered Wild Life Center To Expand

OW0606034394 Beijing XINHUA in English 0136 GMT 6 Jun 94

[Text] Lanzhou, June 6 (XINHUA)—Two wild horses are due to be born at a breeding farm in the north-west desert—good news for the species at the brink of extinction worldwide.

There are only 900 of this breed of horses left all over the world, according to a report from the International Wild Horse Association.

The two pregnant mares are being taken care of in Gansu Province by the endangered wild life breeding center, which lies in the heart of the Tenggeli Desert.

Years ago the wild horse almost became extinct in China—its original birth place. The rescue work started in 1988 when the center imported ten horses from the United States and Germany. Now altogether 16 horses live in this desert, which has nearly half of its area green-covered.

Other wildlife, such as saiga antelope, Asiatic wild ass, takin, wild camel, gold-haired monkey and white-lipped deer, have also found their paradise here.

In the monkey village, the youngest is only one month old while the oldest is the 13-year-old king.

The breeding center will be extended to 6,600 hectares this autumn.

Xinjiang Chairman Discusses Ethnic, Religious Affairs

OW0506074794 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 4 Jun 94

[Announcer-read report over video; from the "Xinjiang News" program]

[Text] Speaking at a regional united front work conference, which ended yesterday, Abulaiti Abudurexiti, deputy secretary of the regional party committee and chairman of the regional government, emphasized: We must strengthen the party's leadership over united front work, firmly grasp the magic weapon of united front, and relentlessly promote work related to ethnic and religious affairs.

He said: Xinjiang, the motherland's northwestern frontier, is a region where various nationalities live in compact communities. Strengthening the unity of various nationalities is essential for consolidating and developing the socialist relationship between nationalities and maintaining social and political stability in the region. This is the prerequisite and guarantee for doing a good job in the work of all fields in Xinjiang; and herein lies the vital interests of the people of all nationalities in the region. Party and government organs at all levels and their leaders must comprehensively and correctly implement the party's policy toward ethnic minorities, conscientiously foster an awareness of the legal system and policies, and persist in doing things according to laws and policies. They should periodically check the progress in implementing the policy toward minority nationalities and promptly solve problems whenever they are discovered.

He pointed out: Economic construction is the central task for the whole party membership, as well as for the work related to ethnic affairs. We must work hard and self-reliantly and, in light of Xinjiang's realities, fully

utilize our advantages to continually build up our capability for self-development and to accelerate economic development.

Discussing religious activities in Xinjiang, he said: The situation of work related to religion is generally good. The party's policy concerning religion has been further implemented, while religious activities are basically conducted according to the law. Religious believers at large support the party's policy of reform and opening up, and they have made their share of contributions to Xinjiang's social stability and economic development. We will continue to improve work related to religion, and implement the religious freedom policy in an all-round manner. While publicizing and implementing the religious freedom policy, we must pay keen attention to overcome bias in the understanding and oversimplification in the implementation. We must earnestly implement the State Council's regulations on the management of religious venues and the regulations on foreigners' religious activities in the PRC, as well as the regional regulations governing religious activities, so as to continuously strengthen the management of religious affairs according to the law and make sure that religious activities are in line with the socialist cause.

He emphasized: Party committees and governments at all levels and leading party cadres must thoroughly understand that ethnic and religious affairs are not trivial matters. We will continue to focus our attention on ethnic and religious affairs and make unremitting efforts to promote ethnic and religious work to lay a more solid social foundation for ensuring Xinjiang's long-term political stability and order and economic take-off.

Zhang Fusen, deputy secretary of the regional party committee, said: All party members, leading cadres at all levels in particular, should study once again general and specific policies related to united front work. They should obtain a better understanding, unify the thinking, and ensure the implementation of the policies. They should also work out effective and feasible suggestions and measures for the implementation of the policies in light of local realities, thereby creating a new situation in Xinjiang's united front work. [video shows close shots of Zhang Fusen, Wang Lequan, and other regional leaders]

Regional party, government, and military leaders Wang Lequan, Hailiqemu Silamu, Pan Zhaomin, (Li Fengzi), (Abudureyimu Amiti), Hederbai, Yusufu Aisha, Feng Dazhen, and Wu Jiahe attended the conference.

Military Exercises Conducted on 'Liberating Taiwan'*HK0406020294 Hong Kong CHENG MING in Chinese No 200, 1 Jun 94 pp 17-18*

[Article by An Mu (1344 2606): "Military Exercises Targeted at Taiwan"]

[Text] Military Exercises Aimed at "Liberating Taiwan" Have Abruptly Increased

The relations between the two sides have become tense because of the Qiandao Hu incident.

In the previous issue of CHENG MING, I reported that Li Teng-hui's description of the mainland government as "a bandit government" infuriated the mainland high-level military leadership; they were so infuriated that Deng Xiaoping had to come out to calm them down. But this did not remove the tense atmosphere of "liberating Taiwan." In April the mainland armed forces frequently conducted military exercises and the purpose of many of these military exercises was to deal with "contingencies" caused by Taiwan. We can see that although Deng Xiaoping has supreme authority, he is physically weak. Whereas Jiang Zemin, the nominal chairman of the Central Military Commission, has no significant position at all in the military. As a matter of fact, these military exercises had been proposed by hard-liners in the military. This is a trend which merits our attention.

The Beijing Military Region's Air Units and Armored Troops Cooperated With Each Other in Combat Exercises

Let me relate these large-scale military exercises:

Time: From 2 to 5 April.

Place: Border areas between Hebei Province and Inner Mongolia, including Yanghe, Xilugahe, and Xibohe.

Participating armed forces units: The Beijing Military Region's air units and armored troops.

Code of exercises: "Conquest 96." The figure refers to 96 hours, that is, four days. But some people said it indicated the conquest and liberation of the enemy-occupied territory—Taiwan—in 1996. I believe the former is more accurate.

Scale of exercises: Two helicopter regiments, one armored division, and one amphibious armored regiment (also called a special armored regiment). The helicopters used were Type-8 and Type-9 Chinese-made helicopters. The missiles launched by these helicopters against the enemy were antitank missiles made after the "HOT [Haut subsonique Optiquement teleguide tire d'un Tuoe]" pattern, temporarily called "Little Overlord Type-1." These were helicopter-to-ground laser missiles. As learned, their accuracy was over 95 percent, but their accuracy with mobile targets was 70 percent.

Zhang Wannian: "Proceed From Actual Combat To Crush Taiwan Independence" Technical experts from the Army Aviation School, the Military Academy of the Second Artillery Corps, and the No. 8641 Factory were invited to watch and draw experience from these military exercises. Liu Huaqing, Zhang Wannian, Zhao Nanqi, Li Laizhu, and Gu Shanqing were present to provide guidance. Zhang Wannian said: In the current military exercises, first, we will examine the armed forces' training quality; second, we have proceeded from the possible outbreak of antiaggressive war in the future and from the actual need to liberate Taiwan and crush Taiwan independence; and third, we will check the quality of new weapons through combat exercises.

As learned, the Type-8 helicopters were modeled on the French "Super Wasp" and the Type-9 helicopters were modeled on the French "Dolphin." There are now 200 Type-8 helicopters and 300 Type-9 helicopters in service.

From Zhang Wannian's speech, we know that improving the "actual combat" effectiveness is an urgent task of the mainland armed forces. Apart from Taiwan, what other imaginary enemies does the CPC have? Let us take a look at the following military exercises.

The Jinan and Nanjing Military Regions Cooperated With Each Other in Combat Exercises

Time: From 8 to 12 April.

Place: Xiaoqinghe in the north Shandong plains.

Participating armed forces units: Armed forces units from the Jinan and Nanjing Military Regions.

Code of exercises: "Train of the Era," internally called "Spirit of the Era."

Scale of exercises: The 87th and 116th Divisions of the 54th Group Army under the Jinan Military Regional Command—two crack infantry units which performed meritorious service during the Korean war; one ground-to-air mobile missile regiment belonging to the 28th Regiment.

The Nanjing Military Region dispatched one airborne division and one mechanized division; the airborne division was formed in September last year and some of its officers and soldiers were transferred from the Jinan Military Region's Air Force School; Yun-12 and BHE [preceding three letters published in Roman alphabet]-Type [as published] transportation planes were used to transport airborne troops.

Military Exercises Were Conducted Out of Consideration For Changes in the World and Taiwan Situations

Zhang Zhen, Li Desheng, Gu Hui, and Zhang Taiji watched these military exercises. Gu Hui made a concluding speech at the end of the exercises, saying: These actual combat exercises were planned according to changes in the world and Taiwan political situations. For a period to come, the main basis for us to strengthen the armed forces buildup and do a good job in combat

readiness is the existence of hegemonism, the restoration of Japanese militarism, and the growth of Li Teng-hui's Taiwan independence force.

This was quite rare that a Chinese leader had formally mentioned the "restoration of Japanese militarism." This was, possibly, because the Japanese Government said that the CPC was behind North Korea's nuclear threat and a member of the newly formed Tsutomu Hata cabinet denied the massacre in Nanjing. Apart from this, for historical and geographical reasons, Japan is opposed to the reunification of the mainland and Taiwan. All this has put the CPC on the alert.

Joint Maneuvers by the Chengdu and Guangzhou Military Regions

What is noteworthy is that the "idea of war preparedness" is beginning to spread among the mainland armed forces units. The reappearance of this obsolete slogan indicates the CPC's firmer determination to "liberate Taiwan."

The actual combat exercises listed below suggest how the CPC focuses on training which is aimed at "scoring a victory in a new war confrontation."

Time: From 25 to 28 April.

Place: Jiangkou and Jinjiang in Tongren Prefecture, Guizhou Province; and the lower reaches of the Yuan Jiang, Hunan Province.

Participating armed forces units: Armed forces units from the Guangzhou and Chengdu Military Regions, which carried out joint air and land offensives.

Code of exercises: "Doomsday of the Aircraft Carrier." "The aircraft carrier," reportedly, referred to Taiwan Province.

Scale of exercises: The Chengdu Military Region dispatched two mechanized infantry divisions, which, covered by an air force unit, attacked and occupied an enemy position. The Guangzhou Military Region dispatched two infantry divisions, which speedily occupied a "city" in Chenshui in the Yuan Jiang's lower reaches under bombers' attacks. Troops dispatched by the two military regions successfully joined forces. Bombers launched laser-guided bombs at their "targets." This was the first time laser-guided bombs were used.

Laser Missiles Were Used For the First Time

As learned, the laser missiles can be launched against a target 15 km away and have high precision and a strong striking power.

But whether or not the design could meet the requirements of "actual combat" had drawn the military's attention. The Operational Section of the General Staff Department held an on-site meeting to analyze the

combat exercises and experts from the Military Equipment Department came to inspect how the weapons were used.

Among those present on the scene were Li Xilin, commander of the Guangzhou Military Region; Li Jiulong, commander of the Chengdu Military Region; Zhang Xusan, adviser to the Academy of Military Sciences; as well as Li Jijun and He Pengfei from the Central Military Commission Office.

Li Xilin made these remarks: The present-day world is not tranquil, hegemonists are acting as international police and are threatening world and regional peace, and Li Teng-hui's Taiwan independence force is becoming increasingly arrogant. To safeguard the motherland's territorial integrity and our socialist construction, to liberate our sacred territory Taiwan, and to realize the motherland's reunification, we must speed up the armed forces' modernization through self-reliance.

"The Military Exercises Have Met the First-Rate Standards of Actual Combat" At the conclusion of the military exercises, Li Jijun commended the participating troops on behalf of the Central Military Commission. He said that the military exercises had met the first-rate standards of actual combat; the role of new tactics and new equipment had been brought into play; and the Chinese armed forces' ability to score a victory in the new war confrontation had been demonstrated.

These military exercises conducted by the mainland armed forces suggest that the possibility of armed attacks against Taiwan cannot be ruled out. Superficially, the two sides of the strait have conducted more exchanges than in the past, but their relations are fragile and will not withstand a test. It was hard to imagine that an incident in tourism had triggered an anticommunist sentiment on the entire Taiwan island and had also touched off clamors in the mainland military for armed occupation of Taiwan. If Deng Xiaoping cannot control the situation, will this irreconcilable ideological conflict be resolved by military action?

Open Trial for Qiandao Lake Suspects Set for 10 Jun

OW0606101194 Beijing XINHUA in English 0921
GMT 6 Jun 94

[Text] Hangzhou, June 6 (XINHUA)—The Hangzhou Intermediate People's Court today announced that it will hold an open trial of suspects in the Qiandao Lake incident, in Hangzhou city, capital of Zhejiang Province on June 10.

The suspects in the case were accused of involvement in the March 31 robbery and murder of 32 Taiwan and mainland tourists and the subsequent torching of their tour boat on Qiandao Lake in Zhejiang Province.

They were detained on April 18, arrested on April 19 and sent to the procuratorate on April 24.

Wang Daohan Inspects Taiwan-Funded Enterprises in Jiangsu

OW3105085494 Beijing XINHUA Domestic Service in Chinese 0908 GMT 30 May 94

[Text] Suzhou, 30 May (XINHUA)—Wang Daohan, chairman of the Association for Relations Across the Taiwan Straits [ARATS], and Tang Shubei, executive vice chairman of the ARATS, inspected Taiwan-funded enterprises in Jiangsu Province from 24 to 30 May, and during the same period they also saw students from Taiwan who are studying in Nanjing.

The development of Taiwan-funded enterprises in Jiangsu has been very rapid. In addition to labor intensive industries, Taiwanese businessmen have also made investments in high-tech enterprises, infrastructure projects, and tertiary industry in the province. Those Taiwan-funded enterprises which have been put into operation have gained good results. Chairman Wang Daohan and Vice Chairman Tang Shubei fully affirmed Jiangsu's work in improving the investment climate and in providing good services for Taiwan-funded enterprises. Chairman Wang Daohan said: Under the leadership of party committees and governments at various levels, Taiwan affairs offices at various levels in the province have made outstanding achievements in absorbing capital from Taiwan to serve Jiangsu's economic development. In 1992 and 1993, Jiangsu topped the whole country in absorbing capital from Taiwan as compared with the total annual investment by Taiwanese businessmen in other provinces, municipalities, and autonomous regions. In particular, Jiangsu has utilized Taiwan's capital to transform old enterprises and achieved very good results.

Accompanied by responsible comrades of the Taiwan Affairs Office of Jiangsu Province, the General Office of the Jiangsu Provincial CPC Committee, and party committees and governments of various prefectures and cities, Chairman Wang Daohan and Vice Chairman Tang Shubei inspected Taiwan-funded enterprises and economic and technological development zones in Nanjing, Yangzhou, Wuxi, and Suzhou. They also held discussions with Taiwanese businessmen in Nanjing and Suzhou. Chairman Wang Daohan and Vice Chairman Tang Shubei attentively listened to reports by chairmen of the board and general managers of various Taiwan-funded enterprises. They expressed satisfaction with the production and operation of Taiwan-funded enterprises,

and encouraged Taiwanese industrial and commercial people to closely cooperate with entrepreneurs in Jiangsu on a mutually beneficial basis, give full play to the advantages of both sides, and make greater development together. Chairman Wang Daohan asked authorities in Jiangsu to actively adopt measures to seriously implement the "Law on the Protection of Investment of Taiwan Compatriots" promulgated by the National People's Congress and make further efforts to protect the lawful rights and interests of Taiwanese businessmen who have invested in Jiangsu. They hoped the authorities in Jiangsu would continue to improve the investment climate; strengthen consultative services for investment by Taiwanese businessmen; and create good conditions for the establishment, production, and operation of Taiwan-funded enterprises.

Wang Daohan fully affirmed the preparations for the establishment of associations for Taiwan-funded enterprises in Yangzhou and Nanjing cities. He hoped that other locales with large numbers of Taiwan-funded enterprises would also establish associations for Taiwan-funded enterprises as quickly as possible when conditions are ripe so they can act as bridges between Taiwan-funded enterprises and governments at various levels and serve Taiwanese businessmen in a better way.

During their stay in Nanjing, Chairman Wang and Vice Chairman Tang also met with a number of students from Taiwan who are studying at schools of higher learning there, and held cordial talks with them and listened to their opinions. Chairman Wang expressed his welcome to those students who have parted from their parents and come to study on the mainland. He warmly encouraged those students from Taiwan to study hard, welcomed more students from Taiwan to come and study on the mainland, and hoped the younger generation on both sides of the straits would strengthen exchanges. Chairman Wang asked concerned departments in Jiangsu Province to show good concern for students from Taiwan and help them solve their practical problems.

Wang Daohan, Tang Shubei, and their party arrived in Jiangsu on 24 May. On the afternoon of the same day, Chen Huanyou, secretary of the Jiangsu Provincial CPC Committee and governor of Jiangsu, met with Chairman Wang Daohan and Vice Chairman Tang Shubei. Chen Huanyou expressed his appreciation of the ARATS's concern for and support in Jiangsu's Taiwan affairs work.

Mainland Airliner Hijacked to Taiwan

Lands 'Safely' in Taiwan

OW0606141794 Taipei CNA in English 1330 GMT
6 Jun 94

[By Benjamin Yeh]

[Text] Taipei, June 6 (CNA)—A China Southern Airlines Boeing 737 passenger jet with 131 people on board was hijacked by a male passenger to Taiwan on Monday [6 June], landing safely at Chiang Kai-shek International Airport at 7:55 p.m.

The airliner had been en route from Fuzhou to Guangzhou.

It was the 12th mainland airliner hijacked to Taiwan since April 1993.

The incident came on the heels of an airline crash in Mainland China on Monday that took 159 lives, including that of a Taiwan tourist.

The International Airline Passengers Association earlier this year rated Mainland China as one of the most dangerous countries to fly following five crashes which killed 76 people and the frequent air piracy incidents.

Male Hijacker Interrogated

OW0606133294 Taipei China Broadcasting
Corporation News Network in Mandarin 1240 GMT
6 Jun 94

[Text] This is the latest news on the hijacked airplane.

It was learned that the person who hijacked the mainland Southern Airlines passenger plane to Taiwan this evening was a male. Airport police at the Chiang Kai-shek Airport has escorted him out of the airplane for interrogation. His motive and instruments used in the hijacking are still under investigation.

Separately, our military spokesman said today that a Boeing 737 civil passenger airplane of the mainland's Southern Airlines, No. 2542, was hijacked at 1120 GMT during its flight from Fuzhou to Guangzhou. The plane was closely monitored as soon as it was discovered on our radar.

The spokesman further pointed out that two (fighter planes) from our Air Force base at Jiayi intercepted the plane at 1139 GMT and escorted it during the flight. The civil airplane safely landed at Taoyuan's Chiang Kai-shek Airport at 1156 GMT. The hijacked plane has eight crew members and 131 passengers, including the hijacker. All people on board are safe. The entire case is being handled by the police and the prosecutor's office.

Legislator Accuses U.S. Firms of Dumping Harmful Waste

OW0506113794 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
2 Jun 94

[From the "Hookup" program]

[Text] Legislator Chao Shao-kang yesterday revealed that, over the last nearly 30 years, the U.S. company RCA has dumped organic waste harmful to human health into self-dug wells near its factory, seriously polluting the underground water and soil in Taoyuan's Chupei area. To prevent local residents from being further harmed by drinking underground water, in addition to urging the Environmental Protection Administration (EPA) to examine how seriously local soil and underground water have been polluted, Chao Shao-kang also hoped the Public Health Administration (PHA) would investigate the matter. The following is a report by Lin Sung-hua:

[Begin Lin recording] Those living in Taoyuan's Chupei area should be aware that the underground water you have been drinking may have been damaging your health for a long time. On 2 June, Legislator Chao Shao-kang revealed that organic waste generated from manufacturing electronics products by [words indistinct] has been dumped either in the areas near the factory or into wells the company dug near the factory, and this might have caused harmful effects on local residents over the last nearly 30 years. Legislator Chao pointed out that the Taiwan U.S. RCA Company, whose factory is located in Taoyuan's Chupei area, was taken over by General Electric Company in 1986 and was again taken over by Thompson Company two years later. When Thompson Company purchased the factory, it was worried about pollution problems and asked U.S. environmental protection company [name indistinct] to take soil and underground water samples from the areas near the factory for examination in the United States. Results of the examination showed that the soil and underground water contained very high concentrations of volatile organic substances. Legislator Chao said Thompson Company planned to hold a news briefing to explain the pollution caused by General Electric. But it was worried that local residents might ask for compensation and so decided to seal off the wells and close down the factory. Chao Shao-kang said [sentences indistinct]. He said the land where the factory is located has been sold to China Electric Company and another company, who knew nothing about the pollution problem. Because the land is within the Taoyuan urban area, it might be developed into a commercial or residential area. To prevent more people from being harmed, Legislator Chao decided to expose the fact. He said both Thompson and General Electric are well-known companies throughout the world and they did pollute Chinese soil. After making pollution money for nearly 30 years, they sold the land at a profit—their behavior is quite contemptible. In addition to asking the government to sue the two companies at the

International Court. Legislator Chao also hoped the EPA will immediately look into how serious the pollution is. He also hoped the PHA will conduct epidemic diseases examination among local residents so the government can assist them in demanding compensation from the two companies. [end recording]

Draft Regulations on Mainland Illegals Amended

OW0506112294 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
2 Jun 94

[From the "Hookup" program]

[Text] An Executive Yuan meeting yesterday approved the draft revisions to some provisions of the Regulations Governing People-to-People Relations Between Taiwan and the Mainland. [The amended provisions included] one that states that heavier punishments will be imposed on those who hide illegal entrants from the mainland, and one that states that a group of persons who help mainland people to illegally enter Taiwan or who illegally employ mainland people should bear the expenses incurred from the expulsion of the illegal entrants.

SEF Official Hopes 'Influential' Mainlanders Visit

OW0406140994 Taipei CNA in English 1326 GMT
4 Jun 94

[Text] Taipei, June 4 (CNA)—Chao Jen-ho, secretary-general of the Straits Exchange Foundation (SEF), said at a press conference Saturday [4 June] that he hopes Mainland China will send influential figures to Taiwan to learn what Taiwan people are thinking.

Chao said both sides of the Taiwan Strait should step up communications, and that if mainland representatives visited here, they would realize the fact that Taiwan is a political entity.

SEF is a semi-official organization set up to deal with civilian exchanges between the two sides of the Taiwan Strait.

Chao [words indistinct] he has invited Deng Pufang, son of Mainland China's paramount leader Deng Xiaoping, to visit Taiwan [words indistinct] any message through Deng Pufang to his father. But he said he would not be opposed to inviting Deng here, saying his visit would help cross-strait relations.

On his proposed meeting with Tang Shubei, standing vice chairman of Beijing's Association for Relations Across the Taiwan Strait (ARATS), Chao said that he hopes Tang can come to Taiwan in July or August.

The previous Chao-Tang meeting, held early this year produced no concrete results on the issues of the repatriation of illegal mainland immigrants and hijackers, and fishery disputes. Meanwhile, on Saturday, SEF again sent a message to ARATS concerning the Qiandao Lake

incident in March, in which 24 Taiwan tourists were murdered. It was the ninth time he has asked ARATS for help in resolving the incident. In this case, SEF asked ARATS which insurance companies and travel agents will be involved in compensating families of the Taiwan victims.

Relatives of the Taiwan victims Friday protested to the Mainland Affairs Council (MAC), criticizing the government's efforts to resolve the affair as weak. They faulted MAC and SEF for their incompetence in negotiating a conclusion to the incident.

Submarine Spotted Near Penghu During Exercise

'Containment' Procedure Detailed

OW0406082094 Taipei CNA in English 0741 GMT
4 Jun 94

[By Sofia Wu]

[Text] Taipei, June 4 (CNA)—An unidentified submarine was discovered off southwestern Taiwan during a late May Republic of China [ROC] military exercise, naval authorities said Saturday [4 June].

Testifying before the Legislative Yuan's Defense Committee, Chou Ching-hung, chief of staff at the Navy General Headquarters, said the ROC naval fleet contained the unidentified submarine for 45 hours and 44 minutes.

Chou, however, did not say where the submarine was from.

He said the sub was in the open sea off Penghu when it was spotted by an ROC S-2T anti-submarine aircraft participating in the "Han Kuang" wargames.

Chou said sonar equipment installed on the Navy's anti-submarine helicopters, destroyers and frigates was used to pinpoint the sub.

The ROC Navy also used its underwater communications system to send warning signals to the submarine and ask it to provide its identity and nationality. The sub did not respond, Chou said.

According to a CHINA TIMES report, the ROC naval fleet did not attack the unidentified submarine because the vessel remained in international waters and did not intrude into Taiwan's 12-nautical mile territorial waters.

The Navy instead sent four destroyers and frigates to contain the submarine, the report said. The Navy also dispatched its S70C anti-submarine helicopters to monitor the submarine.

The report said the submarine left the waters off Penghu on the fourth day of the standoff after the four-ship ROC fleet opened an exit.

The ROC did not mobilize its submarines to contain the unidentified sub, the report said.

National Defense Minister Sun Chen refused comment on the origin of the submarine and whether Mainland China sent the sub to collect military information during the ROC military exercise.

Sun said the mainland has many submarines. "It surely would use its submarines to collect military information in the Taiwan Strait," he added.

Sun said the ROC Navy is capable of spotting unidentified underwater targets and even attacking them. "Local people need not worry about such incidents," he added.

Naval authorities said about 96 mainland submarines regularly sail the waters surrounding Taiwan. A mainland submarine was spotted in waters 12.5 nautical miles off Anping in southern Taiwan two months ago, the authorities said.

Incident Will Not Lead to 'Tense Situation'

OW0506125194 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
4 Jun 94

[From the "Hookup" program]

[Text] It was revealed that based on an initial study by our military, the unidentified submarine our Navy monitored is believed to be a Chinese Communist (R-Class) submarine. However, informed sources said unless a submarine is forced to expose its identity or surface above water, no country would admit ownership. Because our military did not force it to expose itself, its identity cannot be confirmed as yet.

It was also learned that yesterday a National Defense Ministry [NDM] official pointed out that an incident like this would not lead to a tense situation in the Taiwan Strait. Defense Minister Sun Chen also said that because the Chinese Communists have a large number of submarines and these submarines could not simply stay in their bases, their activities along our coast can be expected. Lieutenant General (Chou Ching-hung), chief of staff of the Navy, yesterday also told reporters at the Legislative Yuan that there have been frequent submarine activities in the Taiwan Strait. (Lin Yu-fang), director of Tamkang University Institute for Strategic Studies, said that the Navy's success in pinning down an intelligence-gathering submarine proves that the Navy's antisubmarine system is capable of coping with the Chinese Communists' submarine activities and that our purchase of submarines from other countries to strengthen our naval power remains crucial to security in the Taiwan Strait. Our reporter Liu Yu-mei has this report:

[Begin recording] [Liu] The NDM has confirmed that in the course of the Han Kuang military exercise, which involved both air and naval forces, a Chinese Communist submarine approached in an attempt to gather military intelligence. Our Navy sent S-2T and S70C antisubmarine helicopters and warships to pursue and

block its way for as long as two days. Finally, they opened an exit to let the Chinese Communist submarine go.

(Li Yu-fang), director of the Tamkang University Institute for Strategic Studies, said: Although the Control Yuan a few days ago approved the censure of NDM officials involved in the purchase of S-2T's, the submarine incident indicated that our antisubmarine system can indeed monitor Chinese Communist submarines and that it demonstrated our military's capability to deal with any crisis.

[(Li Yu-fang)] Our response and action during this incident are truly praiseworthy. First, from a purely military point of view, we were capable of pinning down the Chinese Communist submarine. In addition, we were able to react quickly and lay siege to it. What we want is not war but military stability in the Taiwan Strait. If we were to pin it down indefinitely, the Chinese Communists would most likely send other submarines or even aircraft to rescue it. In that case, clashes would be difficult to avoid. Thus, we let the Chinese Communists learn a lesson and then resolved the crisis to avoid a clash.

[Liu] Regarding the two sides' military strength, the Chinese Communists have publicly claimed that it has more than 90 submarines. However, the number of those that could be used in combat was generally believed to be around 40. However, this number is still far greater than what we have today. Purchasing submarines from other countries will remain crucial to security in the Taiwan Strait.

[(Li Yu-fang)] I believe this incident is important in (words indistinct) military clashes in the Taiwan Strait. It would not be easy for the Chinese Communists to launch an all-out war against Taiwan as soon as war starts. The most important thing for them is to seal off the Taiwan Strait. [words indistinct]

(Lin Cheng-i), a researcher at the Academia Sinica, hoped that we would publish information regarding Chinese Communist activities in the Taiwan Strait. [words indistinct] [end recording]

Generals, Others Impeached Over Submarine Deals

OW0506074994 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
2 Jun 94

[From the "Hookup" program]

[Text] The Control Yuan passed an impeachment motion yesterday morning regarding S-2T antisubmarine helicopter purchases. Eight high-ranking Air Force officers—including Generals Kuo Ju-lin and Chen Shing-ling, former Air Force commanders-in-chief; three lieutenant generals who handled the case; and three

major generals—will be impeached and [words indistinct] for negligence of duty in violation of the law because their poor planning has delayed an upgrading of combat effectiveness and affected combat readiness.

The motion, which was filed by Control Yuan members (Li Sheng-i) and (Chao Jung-yao), involves the highest military officers in the history of Control Yuan impeachment proceedings against the military. It also represents the first time that the Control Yuan has impeached top-ranking generals who were formerly chiefs of the general staff. The people being impeached include Gen. Kuo Ju-lin and Gen. Chen Shing-ling, who were former Air Force commanders-in-chief; Lt. Gen. (Hsia Tian), former deputy chief of the Defense Ministry's planning section; Lt. Gen. (Kuo Yun), former chief of the Defense Ministry's purchasing mission in the United States; Lt. Gen. (Lin Ke-cheng), former deputy chief of the Defense Ministry's logistics section; Maj. Gen. (Yin Tao-chiang) and Maj. Gen. (Lin Shifen), former chiefs of the Air Force General Headquarters logistics office; and Maj. Gen. [name indistinct], deputy chief of the Air Force General Headquarters logistics office.

The eight military officers being impeached were in charge of purchasing S-2T antisubmarine helicopters while in office. They have since left their posts.

Air Force To Commission 4 E-2Ts Before Year End

*OW0406081594 Taipei CNA in English 0718 GMT
4 Jun 94*

[By Benjamin Yeh]

[Text] Taipei, June 4 (CNA)—The Republic of China [ROC] Air Force last month took delivery of the first of four E-2T airborne early warning aircraft it purchased from the United States, and is scheduled to receive the remaining three before the end of November, a ranking Air Force official said Saturday [4 June].

"The arms deal is proceeding as scheduled," Air Force Major-General Lin Yu-ching, deputy chief of staff of the Air Force General Headquarters, said during a report to the Legislative Yuan's National Defense Committee.

The Air Force has sent 33 servicemen to the US to prepare for the commission of the four aircraft, Lin said, adding that another 72 will be sent to the US later.

Lin also countered reports that the four planes are out of date. The US, he said, responded favorably to Taiwan's request for four E-2C Hawkeye early warning aircraft in 1991, but demanded that some parts from the older E-2B be used in the planes. The change was made to comply with the 1987 Shanghai Communique, which governs relations between the US and Mainland China.

The legislature earlier approved a Ministry of National Defense budget of NT [new Taiwan] \$5.2 billion (US\$192.6 million) for the purchase of the four aircraft.

Taipei Lifts Ban on Foreign Investment in Domestic Banks

*OW0306135694 Taipei CNA in English 1334 GMT
3 Jun 94*

[By Y.C. Tsai]

[Text] Taipei, June 3 (CNA)—The Ministry of Finance (MOF) on Friday [3 June] announced the abolition of restrictions on foreigners investing in domestic banks—another step in Taiwan's financial liberalization and internationalization.

Foreigners and overseas Chinese were barred from investing in domestic banks even after the government lifted the ban on the establishment of new banks in 1990. But from now on, MOF officials stressed, foreign investors will be allowed to open new commercial banks on an equal footing with domestic investors.

Foreigners must still abide by Article 25 of the banking law, which sets the maximum stake of any one investor in a single bank at 5 percent, the officials noted.

In addition, they said, the remittance of investment funds should comply with the requirements for securities investment and foreign exchange settlement by overseas Chinese and foreigners.

The MOF and the Investment Commission under the Ministry of Economic Affairs will jointly screen applications from abroad, they added.

Report Criticizes Level of Industrial Technology

*OW0306133394 Taipei CNA in English 1301 GMT
3 Jun 94*

[By Flor Wang]

[Text] Taipei, June 3 (CNA)—Although more than 95 percent of both Taiwan's and Japan's industrial firms are small or medium-sized, the Taiwan firms lag far behind their Japanese counterparts in technology development, the cabinet's Council for Economic Planning and Development reported Friday [3 June].

According to data released by the council, the technology development capability of Taiwan industries is only one-13th that of Japanese industries. On the scale, which sets America's technology development capability at 100, Taiwan industries score just 4.14 points, slightly higher than South Korea's 3.66 points, but lagging far behind Japan's 55.22 and Germany's 21.37 points, the council said.

Council officials attributed the strong competitiveness of Japan's small and medium-sized industrial enterprises to the full governmental support and financial assistance they receive.

Subsidies provided by the central or local government for research and development projects of Japanese small and medium-sized industrial enterprises are generally

about 50 percent of each project, and sometimes more than 65 percent. Public banks in Japan also offer special low-interest loans for small and medium-sized enterprises' R&D projects.

In addition, 7 percent of their annual R&D budgets are tax deductible, the officials noted, adding that cooperation between public research and academic units and the private sector is another major factor that helps boost the technological performance of Japanese industries, the officials said.

Nuclear Waste Not Acceptable in Russia

OW0406141194 Taipei CNA in English 1250 GMT
4 Jun 94

[By Vladimir Mikh and Lynn Chang]

[Text] Moscow, June 4 (CNA)—There is little chance that Moscow will allow nuclear waste from Taiwan into Russia for disposal and reprocessing, according to an official from the Russian Atomic Energy Ministry.

[words indistinct] Kotlov, section chief in the ministry's Information Department, said in an interview that legal restrictions and the potential public outcry would prevent a deal from being struck.

"Article 50 of the law on the protection of the environment states that no nuclear waste can be brought into Russia from abroad. Furthermore, President Yeltsin signed Special Decree Number 452 in [date indistinct], which explicitly bans this kind of toxic material from entering the country," Kotlov said.

Following his recent visit to Russia, Taiwan Power Co. Chairman Cang Chung-chien announced in Taipei May 29 that Taiwan might send both low and high-level nuclear waste to Russia in the future. Chang specifically mentioned that Russia's Kurchatov Institute can process low-level nuclear waste and spent fuel.

Russian ecologists were originally alerted to the proposed deal through a report in the Moscow daily IZVESTIA, which said Taiwan officials participating in a scientific conference on nuclear technology in St. Petersburg held initial talks with the representative of an unnamed research center that manages 10 nuclear waste dumping sites in Russia. Russian ecologists claim Mainland China and Sweden both received similar offers to process Taiwan nuclear waste, but said Beijing did not bother to reply and Stockholm flatly refused.

Kotlov said that in theory, nuclear waste from atomic power stations constructed overseas with Russian technology and assistance could be brought back to Russia under certain conditions. He [word indistinct], however, that the possibility of revitalizing cash-strapped projects with funds from potential Taiwan contractors might be considered, but only if "there were an official request."

But he also explained that construction of facilities to process nuclear waste stalled after [words indistinct] due

to lack of funds. He said that although funding for nuclear waste storage and disposal projects would soon be re-examined in the state Duma, "it is unlikely the work will resume in the next few years" due to cuts in the [words indistinct] budget.

Drugs Burned To Mark Antidrug Day

OW0506124894 Taipei Voice of Free China in English
0200 GMT 5 Jun 94

[Text] The government incinerated 144 kg of seized heroin in the antidrug campaign to mark antidrug day on Friday [3 June]. The government also called on Mainland China to help crack down on the island's worsening drug problem. Within 10 minutes, the heroin, estimated to be worth 6 billion new Taiwan dollars on the street, was consumed in the fire in the national incinerator outside of Taipei.

The drugs were roughly 10 percent of the (?stored) at the Ministry of Justice Investigation Bureau's headquarters in Hsintien, Taipei County. Justice Minister Ma Ying-chiu said he believes if the mainland cooperates, it will be a great help. It is apparent that all [word indistinct] drug come the mainland. He added: Even drugs from the Golden Triangle where the borders of Thailand, Laos, and Burma meet, are smuggled by fishing boats from Mainland China. Drug smuggling addiction has surged since Taiwan lifted the martial law in 1987.

National Antidrug Conference Closes

OW0406141294 Taipei CNA in English 1253 GMT
4 Jun 94

[Text] Taipei, June 4 (CNA)—The two-day national anti-drug conference closed Saturday [4 June], with Vice Premier Hsu Li-teh telling the more than 200 government officials, civilian representatives, scholars and experts at the gathering that an information network on drugs must be established as soon as possible.

Hsu also urged concerned government agencies to fully crack down on and severely punish drug users and traffickers.

He said the government will take measures to deal with the drug problem, including strengthening the anti-drug campaign and educating and assisting drug addicts in returning to normal lives. An integral part of the campaign will be to include information on drugs in primary school and junior high school textbooks, he said. Hsu said he hopes the general public will join hands with the government to jointly create a healthy society free from drugs.

The conference opened Friday, an anti-drug day in Taiwan. Some 74 kilograms of seized heroin, worth NT [new Taiwan] \$6 million (US\$ [figure indistinct]) was burned to coincide with the conference.

Netherlands Wooing Local Partners

OW0606080694 Taipei CNA in English 0724 GMT
6 Jun 94

[By Debbie Kuo]

[Text] Taipei, June 6 (CNA)—A delegation from the southern Holland city of Den Bosch arrived in Taipei Sunday [5 June] to court Taiwan investors and business partners.

Mayor Don Burgers of Den Bosch, who led the four-member delegation for the second visit here this year, said his city is joining hands with two other cities in the vicinity to become an electronics hub in Europe.

One of the cities, Eindhoven, is the home of world-renown electronics company Philips.

To attract Asian investors, Den Bosch, a sister city of Hsintien in Taipei County, recently set up a Far East trade and business center which includes duty-free warehouses, rental offices and other facilities, Burgers said in a news conference.

Burgers said Taiwan businesses can use Den Bosch as a springboard to other markets in the European union.

Den Bosch is located near Holland's Amsterdam and Rotterdam, Germany's Dusseldorf and Belgium's Brussels, he said.

Burgers, who is on his fifth visit to Taipei, said more than 10 Taiwan companies have established production centers in Den Bosch. Among the Taiwan companies,

First International Computer Inc. has made Den Bosch its operation headquarters in Europe.

An optimistic burgers estimated that the number of Taiwan companies in Den Bosch will double in two years.

The city government has even helped Taiwan businessmen establish a Taiwan school in Den Bosch, further improving the city's appeal to Taiwan investors.

First Dengue Fever Case Reported for 1994

OW0606075894 Taipei CNA in English 0708 GMT
6 Jun 94

[By Lilian Wu]

[Text] Taipei, June 6 (CNA)—The Department of Health (DOH) Monday [6 June] reported its first case of dengue fever this year and urged people to be careful when traveling in southeast Asia.

The officials said that the victim, a 42-year-old female, contracted dengue fever when she traveled to the Philippines in April.

The officials urged tourists to Southeast Asia to avoid mosquitos and seek medical help if bitten, especially if the bite results in a high fever and painful bones.

The officials said that there were 13 confirmed cases of dengue fever in 1993, all of which were contracted by tourists visiting Southeast Asia. Six cases were reported from visitors to Thailand, three from Indonesia, one from the Philippines, and three others from other Southeast Asian nations.

Hong Kong

Students, Police Clash at XINHUA Office

HK0406070094 Hong Kong WEN WEI PO in Chinese
4 Jun 94 p A11

[Report: "Student-Police Confrontation in Front of XINHUA Office Gate"]

[Text] After hustling and busting for some time in front of the gate of the Xinhua News Agency Hong Kong Branch Office Building last evening, many members of the Hong Kong Students Union scuffled with the police who were on the alert on the spot. Some persons even rushed through the roadblocks put up by the police to the sealed-off area. At 2230 [1530 GMT], 13 members of the Hong Kong Alliance in Support of the Democratic Patriotic Movement in China, the Alliance of Employees Trade Unions, the 5 April Action, and the Chinese Liberal Democratic Party arrived at the spot. Again and again they scuffled with the policemen in an attempt to climb over the roadblocks to reach the sealed-off area. During the scuffle, seeing such a situation, the driver of a passing taxi was quite dissatisfied with the troublemakers's doings and loudly shouted at them, accusing them of being "troublemakers." Hearing the accusation, a member of the Chinese Liberal Democratic Party, whose surname was Cheng, fiercely rushed out to the street and hurled an umbrella at the taxi. Consequently, the police arrested the troublemaker.

Editorial Marks Tiananmen Anniversary

HK0406050494 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 94 p 14

[Text] As the world focuses on China for the fifth anniversary of the June 4 massacre, Beijing has ordered hotels to pull the plug on CNN television broadcasts and tried to divert domestic attention elsewhere. Chinese officials complain of the West's obsession with Tiananmen and the crushing of the student democracy movement as if it had been no more than a passing hiccup. It is because it was no such thing that the anniversary must not be passed over in silence.

Compared with some of China's previous political convulsions, Tiananmen may seem relatively tame. Yet for hundreds of millions of Chinese both inside and outside the country it carries greater significance. Not only was it the first upheaval to have such an immediate impact on international political awareness—it was also the seminal political experience for a generation for whom the Cultural Revolution was just a childhood memory. Older Chinese knew to treat the apparent political relaxation of the Beijing Spring with distrust. The protesters on Tiananmen Square had to discover the leadership's ruthless cynicism for themselves.

Tiananmen was also a powerful wake-up call for Hong Kong. Since 1984, the territory had accustomed itself to assuming Britain and China provided stability while

Hong Kong delivered its own prosperity. The disappointment and anger which drove a million people to march through the streets reflected the realisation that Chinese rule after 1997 might not be so benign after all.

In the five years since the crackdown, human rights in China have hardly improved. Dissidents are harassed and jailed. Political freedoms are nonexistent. Religious worship is interfered with arbitrarily. Journalists are jailed for spying. Sentences for economic as well as political crimes are harsh.

Indispensable Partner

Discontent continues to simmer close to the surface. The causes of the unrest that boiled over in 1989—arbitrary government, economic disruption, and rampant corruption—appear to have worsened in the past two years.

Yet while the anniversary has attracted media attention, governments have once again begun to come to terms with the fact that China is an indispensable partner politically and economically.

Most European governments followed former United States President George Bush in making peace with China during the Gulf War and despite the occasional—and costly—flirtation with Taiwan, most have continued to court Beijing. Under President Bill Clinton, however, the United States tried and failed to use trade as a lever to force improvements in human rights. To the victims of the 1989 military crackdown, and of China's continued political repression, that policy gave a glimmer of false hope.

Rekindling Hope

It did not work. Its reversal was dictated by economic and geopolitical necessity. But, while Mr Clinton's decision to separate trade and human rights was the correct one for Hong Kong, he has yet to come up with an alternative policy on human rights which could rekindle real hope in China and provide some reassurance of American support for Hong Kong's continued political freedoms after 1997. Meanwhile, now that renewal of China's Most Favoured Nation trading status is no longer a domestic political issue, future anniversaries may pass unnoticed.

Of more immediate concern to Hong Kong, however, is an apparent change in British policy since the governor's return from London last weekend. Although Chris Patten is standing firm over his political reform package, which China has said will be dismantled in 1997, the government opposes a human rights commission and other human rights legislation because it would not last beyond the handover. At the same time, while exiled activist Han Dongfang has been permitted to stay in Hong Kong, U.S.-based Chinese scholars Liu Binyan and Ruan Ming have been refused visas to Hong Kong, for fear they may make outspoken attacks on Beijing. These may be only the first signs of change. But how long will

it be before the government begins to stifle local reminders of the June 4 massacre?

The crackdown five years ago was not a mistake or an accident. It was a calculated act of repression, intended to reassert total political control after a moment of relaxation. That is why senior leaders such as President Jiang Zemin say they would do it again if necessary. For Hong Kong to allow them to escape without further criticism would be a betrayal of the millions who are still suffering from their wounds.

'Thousands' Hold Candlelight Vigil To Mark Anniversary

HK0506061194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 94 pp 1, 6

[By Ruth Mathewson in Hong Kong and Geoffrey Crothall in Beijing]

[Text] Exiled mainland labour leader Han Dongfang was centre stage at Victoria Park last night as thousands of people held a candlelight vigil to mark the fifth anniversary of the 1989 Tiananmen Square massacre. Mr Han, prevented from returning to China last year after being released from jail and allowed to go to the United States for medical treatment, sat in a sea of swaying lights to address up to 12,000 people.

"The memory of flesh and the broken bones under the tanks still awakens me from my dreams," said Han, who was later mobbed by autograph hunters. "It is the first time that I have joined this function, and it is the first time I can talk about my feelings for June 4 in public. The memory of the tanks are still painful.

"I will always remember that I am a survivor, and a survivor has his own dreams."

Organisers of the vigil, who claimed that up to 45,000 people attended, strode solemnly through the crowd to lay a wreath at the feet of a replica of the Goddess of Democracy statue that had been the focus of the student protests in Beijing.

Legislator and chairman of the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, Szeto Wah, discounted rumours that his organisation was about to fold. "The struggle must continue, especially on a piece of land which will return to China so soon," he said.

Local trade unionist, Lee Cheuk-yan, said Hong Kong people would always remember the dead of Tiananmen even if Beijing put a stop to open protests after the handover. "We are very sure people will continue to support democracy in China even after 1997," he said. "After five years they have not forgotten. They will not forget after 1997, even if the authorities at that time do not allow us to hold this sort of activity," he said.

A small band of protesters later moved on to the Happy Valley headquarters of Xinhua (the New China News

Agency), setting up an altar to democracy. Police were reported to have ordered several people to move on.

In Beijing, the heavy security seen all last week was still apparent, but the mood in the capital appeared more relaxed as it became clear that the fifth anniversary of the massacre would pass without any major incident. Uniformed and plain-clothes police were again out in force in Tiananmen Square and the northwestern university district, but life in the city carried on much as it would on any other Saturday. Most of the more than 100 police officers stationed in and around Tiananmen Square were content to sit and watch tourists pose for photographs.

The Monument to the People's Heroes in the centre of the square where students made their last stand five years ago was securely roped off to everybody, except a group of primary school children in pristine red and white young pioneers uniforms who formed a guard of honour on the uppermost level. Many of the tourists from outside Beijing who visited the square seemed unaware of the significance of the day.

All the major universities in Beijing were again closed off to unauthorised visitors and police maintained road blocks at key intersections around the campus of Beijing University. But the police seemed relatively relaxed, allowing several foreign journalists into the university district but making sure no one went on campus. The residents of the university district, which includes Beijing's so-called Silicon Valley, did not appear bothered. "It's nothing to do with me, why should I care if there are police outside my door," an employee of one computer firm said. "It's like this every year; you get used to it after a while."

Zhu Rongji Reassures Hong Kong Businessmen on Economy

HK0606070894 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 6 Jun 94 pp 1, 2

[By Foo Choy Peng]

[Text] Following top-level discussions with China's economic czar, Zhu Rongji, one of Hong Kong's business leaders is now convinced that the gloom over the country is being overdone and the economy is being brought under control. "He (Mr Zhu) feels very confident that what he's done, and some of the measures he's put in, are beginning to show signs of moving the overall economy in the right direction," said Mr Paul Cheng, who led a Hong Kong General Chamber of Commerce delegation to Beijing last week.

Mr Cheng, the chamber's former chairman, said that, in a 90-minute meeting with Mr Zhu, the Chinese vice-premier revealed some key numbers which "provided some confidence to our delegation that things are basically under control".

Mr Zhu said:

- The amount of money issued, which doubled a year ago, was down to 20 percent year-on-year.
- The rate of heavy construction investment was down to 30 percent from 70 percent a year ago.
- The yuan had been maintained at a stable level of 8.7 to the US dollar over the last few months.
- The profitability of the state sector increased 40 percent in the first four months, although growth rose only five per cent.
- Foreign reserves were up to US\$30 billion, from \$21.1 billion in January.

Mr Cheng said Mr Zhu was optimistic that he could bring both the country's annual economic growth and inflation to 10 percent, although the former chamber leader forecast higher inflation. "(Mr Zhu) He maintains that inflation and gross national product growth will both be 10 percent. He thinks he can still do it, although my own view is that inflation will probably be higher," he said. Asked if he detected a hard-sell approach by Mr Zhu, Mr Cheng said: "I didn't detect any overselling on his part. He was just stating the facts to us."

China's economy expanded by 13.4 per cent last year, while inflation reached 14.7 percent on a national level and 19.6 percent in the major cities. Such unsustainable rates have prompted calls by foreign economists to rein in the runaway economy before serious structural and social problems set in.

Last month, for example, World Bank managing director Ernest Stern urged Beijing to manage the overheating economy and inflation if it wanted economic growth to continue. In slowing economic growth to nine percent and inflation to 10 percent, China has, among other things, clamped down on new fixed-asset investments—except for state-approved projects—issued bonds to finance the budget deficit and tightened lending to state enterprises.

Mr Zhu suggested that through the media, foreigners had overstated the seriousness of China's economic overheating. Mr Cheng said: "He was not denying that the economy was overheated to some degree, but he said you need to understand why the economy arrived at that stage."

Mr Zhu produced figures which Mr Cheng said he had never seen put together before. The vice-premier said one reason for the overheating was colossal infrastructure investment, and that no country in the world had devoted the sort of attention to capital construction that China did last year. He said that last year alone, the country installed almost 2,000 miles of railways and highways, 15 million telephone lines and 15 million kilowatts of power generation capacity. "No country ever in its history has pumped all these activities in one

year. Naturally, you could create a sort of ballooning effect," Mr Cheng quoted the Chinese leader as saying.

Mr Zhu said another cause of inflation had been the increase in farm produce prices to shore up the agriculture sector in an effort to check the shift of the farming population to coastal areas in search of better jobs. Mr Cheng said: "They have to raise farm produce prices to keep the incentive for farmers to stay and continue to shore up that side of the economy. And, by raising the prices, you're bound to fuel inflation."

The vice-premier said he would wait for reforms in place to filter through before considering additional measures to preen the economy. In spite of the inevitable provincial resistance to the tax reforms implemented in January, 22 percent extra had been collected in tax revenue in the first four months of the year, compared with the same period last year.

Mr Zhu added that the state sector's share of the economy had fallen to 48 percent, and that half of those losing money were small and medium-sized enterprises. Mr Cheng said: "What he's trying to say is that the major organisations are doing okay, but a lot of the small and medium ones are not doing so well."

"And when he puts in his reform measures, naturally, the impact will be heavier on the small and medium enterprises."

Beijing Denies Initiating New Hong Kong Daily

HK0406040094 Hong Kong WEN WEI PO in Chinese
4 Jun 94 p A11

[Dispatch: "Beijing Denies Initiating XIANGGANG TEQU BAO ('Hong Kong SAR Daily')"]

[Text] Beijing [date not given] (WEN WEI PO)—A Hong Kong journal carried a news item not long ago, which was then reprinted by several newspapers here, saying that the CPC has decided to initiate a XIANGGANG TEQU BAO ["Hong Kong SAR Daily"], to be circulated in Hong Kong after 1997; in addition, it said that Beijing is selecting and transferring personnel to start preparatory work, while related departments in the hinterland are formulating decrees and regulations about Hong Kong media after 1997. For this reason, this reporter has visited related departments here, and learned that the aforementioned report was groundless and sheer fabrication.

XINHUA Official Comments on Transition Issues

HK0506074494 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 94 p 17

[Interview with Zhang Junsheng, deputy director of the Hong Kong branch of the XINHUA NEWS AGENCY, by Peter Seidlitz in Beijing; date not given]

[Text] Q [Question]: What are the sticking points in the Hong Kong talks on the airport?

A [Answer]: You know the background. The problems started to arise when the British side could not manage the financial arrangements. The cost started to rise. The amount of loans was also far past the amount contained in the Memorandum of Understanding (MOU). The result was that the negotiation has carried on over how to resolve the issue of the financial arrangement.

Not long ago, the British side put forward the fourth proposal on the financial arrangement. But it's still quite different from the provisions of the MOU.

At the meeting held with the Airport Committee last month, we had already put forward our proposals regarding their fourth proposal. Now we are waiting for the answer from the British side towards our proposal.

I cannot be sure whether an agreement will be reached soon, but one thing I can say is that the positions on both sides are getting closer. Personally, I think the prospects are promising.

Q: Am I right to assume that your policy is to sit Governor Chris Patten out until 1997 and that no dialogue with him is possible?

A: We have many channels of communication between China and Britain. We can contact each other through London or in Beijing. The British Embassy can also contact the Ministry of Foreign Affairs and the Hong Kong and Macao Affairs Office.

In Hong Kong, the political department of Xinhua and the Political Adviser's Office of the Hong Kong Government are also channels. The Joint Liaison Group can also maintain contact even if it's not during formal meetings. (Hong Kong and Macao Affairs director) Lu Ping did not see Mr Patten because, even if they did meet, they would have nothing to talk about.

Q: I would think there is a lot to talk about.

A: No talk on substantial issues is possible with Mr Patten.

Q: Do you still have a grudge against the British because of their long colonial history?

A: We Chinese feel quite bitter that the British forced China to give up Hong Kong—you must understand that. I am glad to see that finally we are going to take Hong Kong back and end the history of being humiliated.

However, history is history. We should bury the past. But there are still a few people in Britain now whose minds are in the 19th century. It is not good for some politicians or principal officers to think that they are still living in the last century.

Q: Would you deny that the British have done a good job here in Hong Kong in the last 100 years or do you view them as an imperialist power which used Hong Kong to enrich themselves and their companies?

A: It took all people to achieve this. So I don't have any comment right now if the British have done a good or bad job or if they have been successful or failed. We now have the historic mission to ensure the prosperity and stability of Hong Kong.

Q: There are fears that the efficiency and honesty of the administration will not be as good as now after 1997.

A: This issue has been raised for more than 10 years. I want to quote part of a speech by Mr Deng Xiaoping to reply to your question. Deng said one must trust that Hong Kong Chinese can manage Hong Kong. Those people who don't trust us have the minds of old colonialists.

We have the fullest confidence in Hong Kong Chinese who are able to run Hong Kong well. The prosperity achieved in Hong Kong is mainly due to the Chinese people of Hong Kong. Chinese people's capability is not lower than foreigners. We are not handicapped. Do not always think that only foreigners can do the job, Chinese can do them well too.

Q: The statistics show that 32 per cent of all directorate positions in the civil service are still occupied by foreigners, even though they account for less than two per cent of all civil servants.

A: According to the Basic Law, foreign officers will continue to keep their jobs after 1997. But the key positions, actually less than 30 (of them), are going to be localised.

Q: Do you intend to keep the Independent Commission Against Corruption [ICAC] and establish your own Special Branch now that the British are closing theirs and taking the files to London?

A: According to the Basic Law, the ICAC will stay. As for organisations like Special Branch, that will be decided by the government in future. In my own opinion, as long as the current organisations are effective they will be maintained. But organisations like Special Branch will have to be maintained well.

Q: We all know that Xinhua is more than a news agency. What will be the role of Xinhua after 1997?

A: We haven't studied this question yet. According to the Basic Law after 1997, the central Government will establish a foreign affairs office in Hong Kong.

Q: Will diplomats based in Hong Kong have to report and be accredited to this office or the Special Administrative Region (SAR) government?

A: I believe that, until 1996 or 1997, we will (not) have a clear answer for you regarding this issue. One thing for sure is that, in future, the Special Administrative Region will be administrated under its own government. But institutions established by the Beijing Ministry of Foreign Affairs will be responsible for the foreign affairs managed by central government. All issues of foreign

affairs in Hong Kong will be unified and dealt with under the management of the central Government in Beijing.

Q: Hong Kong-based diplomats I talked to this week seem unclear about the exact status of their offices after 1997 and if ambassadors in Beijing will be ultimately responsible for their offices here.

A: Not necessarily. According to the agreements, the Foreign Office to be established in Hong Kong will be in charge of the major affairs in Hong Kong, but they still can empower the Hong Kong Government to manage certain aspects.

Q: What kind of loyalty are you expecting from the expatriates in the civil service?

A: All government servants should be dedicated to their duties and are responsible to the Government. For expatriate civil servants, regulations are in place already for post-1997. They say that the Hong Kong Government can employ Hong Kong officers, British or any other foreign nationals. However, at a certain level these officer positions must be held by permanent residents and Chinese citizens of HKSAR who do not have other countries' residency.

They are: the secretaries and deputy secretaries, directors of bureaus, directors of organisations such as ICAC, director of audit, chief of police, etc. The Hong Kong Government can also employ British citizens or other foreign citizens as advisers.

Q: The provisions are clear. But less clear seems to be who actually holds what passport. You must be aware that many Hong Kong people have two passports, even those who are on the Preliminary Working Committee (PWC). What is your position on these dual passport holders? Are you going to demand that they give up their foreign passport?

A: For the members of the PWC, we don't have requirements on nationality. Hong Kong is a special place, and the Chinese Government will work out some special conditions. For example, the Regulation Committee will allow 20 per cent of Legco [Legislative Council] members to have a non-Hong Kong passport. You must admit that is quite unique in the world. So it shows we are aware of the realities in Hong Kong. But the executive officers or committee chiefs or the remaining 80 per cent of officers must be Chinese citizens.

Q: What is your policy towards the huge Filipino maid community in Hong Kong, since you could be tempted to slow down immigration from Manila and follow a policy of using cheap female labour from across the border in China?

A: It is up to the Hong Kong Government to decide what to do with the huge Philippine and Thai maid community.

One thing I am sure of is that the labour problems in China will not be solved through exporting them into the Hong Kong market. Hong Kong is such a small place with only 1,100 square kilometres, but it has a six million population. It cannot reduce the huge labour problems of China.

Q: There are a lot of Chinese corporations in Hong Kong. Are you keeping a critical eye on the activities of the Chinese companies which, after all, are state-owned and partly responsible for the speculation in the property market, which is alarming.

A: Chinese companies only occupy a small percentage of the huge Hong Kong market. We estimate it to be only seven per cent to eight per cent. But they have quite an influence on the Hong Kong market.

They have contributed a lot to Hong Kong's prosperity. Some of the big companies provide less expensive products to the Hong Kong market. The Chinese banking groups are now No 2 in the industry. We have investigated the activities of the companies and found that, as far as property speculation is concerned, their part is not so great.

Q: Will Xinhua's Hong Kong director Zhou Nan outstay Mr Patten?

A: The local press has had a lot of speculation about Mr Zhou and even me being transferred or recalled. As you see, we are still here and have outstayed all the rumours.

Legislative Council Approves Airport Funding

HK0406051094 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jun 94 p 5

[By Linda Choy]

[Text] Legislators yesterday gave the go-ahead for a funding request of \$715 million to finance the installation of the airport railway immersed tube and related projects amid signs of optimism for a Sino-British agreement. The approved funding was \$102 million less than the original request tabled in the Legislative Council last month due to lower tender prices submitted to the Mass Transit Railway Corporation (MTRC). It represents about three percent of an equity injection of \$23.7 billion for the airport railway contained in the fourth financing package given to the Chinese side in February.

The Financial Secretary, Sir Hamish Macleod, also confirmed a report that the latest proposal on equity injection to the Provisional Airport Authority stood at \$36.6 billion. The two amounted to a total equity injection of \$60.3 billion by the Government—\$40 billion more than that in the first proposal. Sir Hamish said he did not think the revelation of the figures would affect the Sino-British talks. "I think they will understand that just to review the equity is reasonable," he said.

Sir Hamish said there was a need to reassure legislators on whether the funding request tabled to them would be

in line with the amount of equity. He refused to say whether the revelation meant that the gap between the two governments had become narrower. "At different stages in the talks, as work progresses, then we have to gradually reveal more in order to give members enough of the picture for them to feel that they can make a reasonable judgment and approve the funds," he said.

Last week, the Director of the Hong Kong and Macao Affairs Office, Lu Ping, said he expected an agreement on the airport in about two months.

The money, granted as advanced funding, will become part of the equity injection to the MTRC [Mass Transit Railway Corporation]. The MTRC confirmed that British firm Tarmac International and Japan's Kumagai Gumi had jointly been awarded the project.

Due to earlier delays, it was estimated that the airport railway section linking Central to Kowloon would be completed only in April 1998.

According to the latest submission, the estimated cost of the airport railway immersed tube and related works has dropped from \$726 million to \$630 million. The construction supervision and resident site staff allowance also dropped by \$7 million to \$51 million. The reduction in the prices listed has resulted in a lower project contingency level at \$34 million.

Meanwhile, Sir Hamish's confirmation of the equity amount also sparked criticisms that the Government was "governing through the media." Three leading parties the United Democrats, the Liberal Party, and Meeting Point—also questioned the Government for rejecting their request for details of the fourth financing proposal, information of which has been leaked to the press. The Liberal Party's Steven Poon Kwok-lim said: "As legislators, we are not happy with it. Are you governing through the media?"

Chief Secretary Anson Chan Fang On-sang dismissed the suggestion. "We do not feed information to the press. We do not have complete control on what the press may or may not say," she said.

Companies Eager To Invest in Hubei Capital

OW0606084494 Beijing XINHUA in English 0818
GMT 6 Jun 94

[Text] Wuhan, June 6 (XINHUA)—Three large Hong Kong-based conglomerates have contracted the project of renovating a part of the old downtown area and some traditional industries in this capital of central China's Hubei Province.

The three big names are New World Development Co. Ltd, Sun Hung Kai and Co. Ltd and Henderson Land Development Co. Ltd.

The project is estimated to cost each of them at least five billion yuan.

Wuhan, a city with rapid economic development, has become a hot spot for overseas investors since the central government stressed the opening strategy along the Chang Jiang River.

The New World Group has injected more than two billion yuan into the city in the past two years.

The other two companies have also invested in the country's pioneer cities in the reform drive, such as Beijing, Shenzhen and Guangzhou.

Company Helps Children's Welfare in Wuhan

OW0506141794 Beijing XINHUA in English 1327
GMT 5 Jun 94

[Text] Wuhan, June 5 (XINHUA)—Cheng Yu Tung, chairman of the New World Development Company of Hong Kong, donated one million U.S. dollars today in support of children's welfare in this capital of central China's Hubei Province.

At a ceremony held here, Cheng gave the donation to Wuhan Mayor Zhao Baojiang.

The donation will be used by the Wuhan City Children's Welfare Fund to purchase medical instruments and equipment and expand a children's hospital.

Over the past few years, the New World Development Company has invested two billion yuan in opening ten businesses in Wuhan.

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